

Idaho Economic Forecast

DIRK KEMPTHORNE, Governor

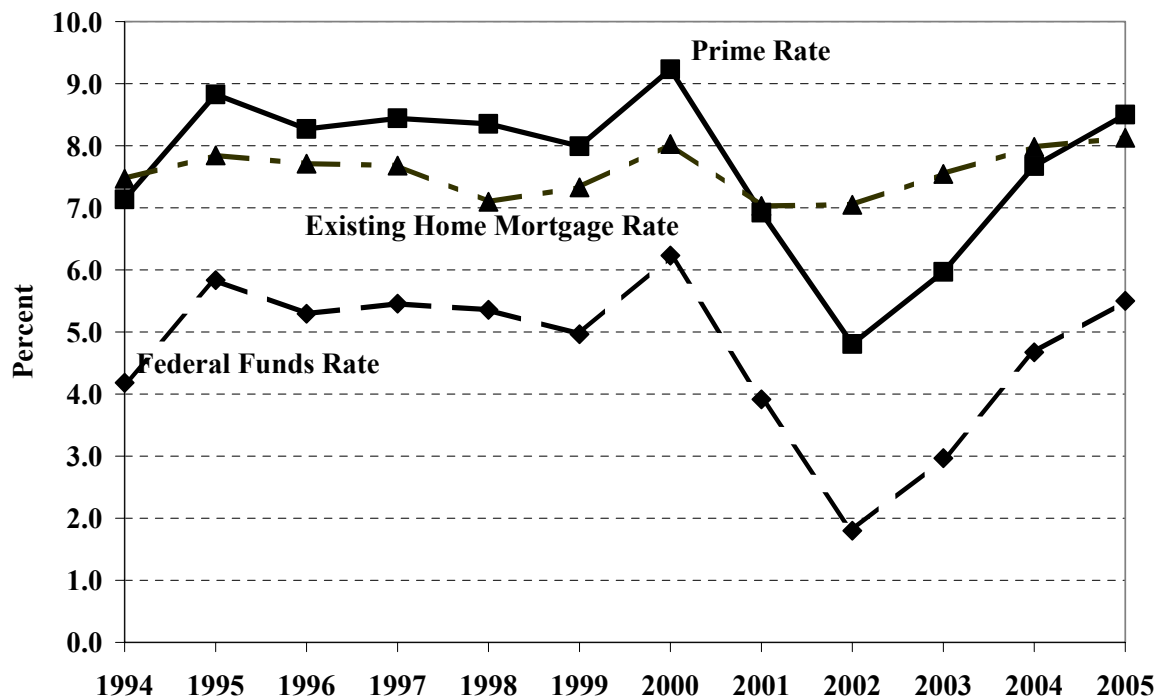
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- Forecast 2002-2005
- Searching for Value in the U.S. Stock Market
- Alternative Forecasts

Selected Interest Rates



Source: DRI*WEFA

**IDAHO
ECONOMIC
FORECAST
2002 - 2005**

State of Idaho
DIRK KEMPTHORNE
Governor

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PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho. These challenges include competition among agriculture, fisheries, and expanding population, for water and energy; the environmental impacts of the economically important mining, timber, agricultural, and tourism industries; and the many other pressures of an expanding population on the state's natural and fiscal resources.

Other factors that are external to the state's economy will present challenges this decade to public and private decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Engineering and Environmental Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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INTRODUCTION

The national forecast presented in this publication is the July 2002 DRI*WEFA baseline forecast of the U.S. economy. The April 2002 *Idaho Economic Forecast* is based on the March 2002 DRI*WEFA baseline national forecast.

The recent histories and forecasts for three key interest rates are charted in the cover graph of this forecast. Perhaps most interestingly, the recent history of the federal funds rate traces different policies by the Federal Reserve. The increase from 1999 through 2000 represents the controversial preemptive tightening by the central bank. The Federal Reserve dropped rates beginning in 2001 in an attempt to prevent a recession. For most of this year, the Federal Reserve has adopted a wait-and-see, which explains why the rate is relatively flat in 2002. Beginning later this year, the Federal Reserve is expected to raise rates gradually.

FEATURE

It would be an understatement to call the stock market's performance over the last couple of years disappointing. After peaking in the spring of 2000, the stock market has fallen precipitously. By the spring of this year, it has lost so much value it is about where it was four years ago. Is this a correction or a death spiral? Kevin J. Lansing provides interesting insights into the market's recent behavior in his article titled, "Searching for Value in the U.S. Stock Market." Mr. Lansing is a Senior Economist with the Federal Reserve Bank of San Francisco.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. DRI*WEFA examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1986 to 2005 and for every quarter from 2000 through 2005. The solution of the Idaho Economic Model (IEM) for this forecast begins with the first quarter of 2002.

Descriptions of the DRI*WEFA U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The employment data that appear in this publication are based on monthly estimates provided by the Idaho Department of Labor. It has finalized employment numbers for 2001 and provided preliminary estimates for the first three months of this year. All of these data have been seasonally adjusted and converted into quarterly estimates by the Division of Financial Management (DFM). These current data show that Idaho nonfarm employment in the fourth quarter of 2002 was nearly 3,000 lower (0.5%) than had been forecast in April 2002. The preliminary 2002 employment estimates show Idaho nonfarm employment was almost 5,100 lower (0.9%) than had been previously forecasted.

The tables in this forecast include the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) estimates of Idaho quarterly personal income through the fourth quarter of 2001. In addition to the

2001 fourth quarter income estimates, the historical Idaho quarterly income estimates from the first quarter of 1998 through the third quarter of 2001 were revised. The BEA will release its next round of Idaho personal income estimates in late July 2002.

The revised U.S. Census Bureau estimates for 1991 through 1999 for Idaho have been incorporated into this *Idaho Economic Forecast*. This was necessary because the 2000 census showed that Idaho's population had grown faster than had been estimated. The U.S. Census Bureau revised its annual estimates to reflect this faster growth.

The *Idaho Economic Forecast* is available on the Internet at http://www.state.id.us/dfm/econ_pub.html. Readers with any questions should contact Derek Santos at (208) 334-3900 or at dsantos@dfm.state.id.us.

SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at http://www.state.id.us/dfm/econ_pub.htm.

Printed copies of the *Idaho Economic Forecast* may be requested by contacting:

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EXECUTIVE SUMMARY

This year should be one of transition for the Idaho economy. After a disappointing start, Idaho nonfarm employment is projected to begin expanding in the second half of this year. On an annual basis, Idaho nonfarm employment is expected to be flat this year. It should also be pointed out that Idaho nonfarm employment is anticipated to grow in the remaining three quarters of 2002. Thus, although Idaho nonfarm employment for 2002 shows no growth on an annual basis, there should be growth in most quarters of this year. Idaho personal income is forecast to grow faster this year than last year. The U.S. Department of Commerce estimates that Idaho nominal personal income grew by a meager 3.9% last year—its weakest showing since 1986. Idaho nominal personal income growth should improve to 4.2% this year. Idaho real personal income is forecast to increase 2.7% in 2002, which is a notable improvement over last year's 2.0% real growth. Idaho's economy is expected to accelerate annually after this year, but a return to growth rates experienced in the late 1990s is not anticipated. Idaho nonfarm employment is projected to increase 1.5% in 2003, 1.9% in 2004, and 2.2% in 2005. Idaho personal income growth should also improve over the next years. Specifically, Idaho nominal income is projected to rise 4.2% in 2002, 5.4% in 2003, and 5.9% in both 2004 and 2005. Part of this improvement reflects the anticipated stronger growth for Idaho's average annual wage. Idaho real personal income should grow 2.7% in both 2002 and 2003, 3.2% in 2004, and 3.1% in 2005.

The U.S. economy is sound and should begin picking up speed during the second half of this year. This may come as a surprise given the current stock market woes and revelations of corporate corruption. Indeed, the recent tremble of confidence suggests the widespread popular media coverage of these events have caught consumers' attention. However, in order to get some of their courage back, consumers are directed to "the second page of the newspaper, below the fold." Here, they will find more encouraging news about the economy. For example, industrial production rose for the sixth consecutive month in June 2002. Consumer inflation of 0.1% in July 2002 barely showed on the economic radar screen. Business inventories rose 0.2% in May 2002. The housing sector is on pace for having its best year since the 1980s. This is not to say the economy's future will be without risks or challenges. The biggest drag on the economy in the near future will be the trade deficit. Since 1991, the real net export deficit has bloated from under \$16 billion in 1991 to just under \$500 billion in 2002, or about 4.0% of GDP. In fact, it is approaching the point where it becomes burdensome enough to cause a devaluation of the dollar. This forecast accounts for this by assuming the dollar slides 10% over the next two years. In fact, the dollar and euro could be trading at parity by late summer. But even the dollar devaluation should have a positive impact. It will benefit American companies competing in the global market. In summary, the national economy is projected to move forward during the forecast period. This is because, coming out of the mildest recession on record, the U.S. economy is fundamentally sound and well positioned for growth.

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JULY 2002

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GDP (BILLIONS)										
Current \$	7,813	8,318	8,782	9,269	9,873	10,208	10,611	11,252	11,967	12,657
% Ch	5.6%	6.5%	5.6%	5.5%	6.5%	3.4%	4.0%	6.0%	6.4%	5.8%
1996 Chain-Weighted	7,813	8,159	8,509	8,857	9,224	9,334	9,572	9,911	10,273	10,589
% Ch	3.6%	4.4%	4.3%	4.1%	4.1%	1.2%	2.5%	3.5%	3.7%	3.1%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	24,174	25,227	27,066	28,538	30,827	32,044	33,374	35,161	37,244	39,440
% Ch	5.7%	4.4%	7.3%	5.4%	8.0%	3.9%	4.2%	5.4%	5.9%	5.9%
Idaho Nonfarm (Millions)	23,298	24,557	26,149	27,542	29,866	31,011	32,227	34,057	36,117	38,331
% Ch	5.6%	5.4%	6.5%	5.3%	8.4%	3.8%	3.9%	5.7%	6.0%	6.1%
U.S. (Billions)	6,547	6,937	7,426	7,777	8,319	8,723	9,028	9,524	10,105	10,683
% Ch	5.6%	6.0%	7.0%	4.7%	7.0%	4.9%	3.5%	5.5%	6.1%	5.7%
PERSONAL INCOME - 1996 \$										
Idaho (Millions)	24,172	24,745	26,268	27,249	28,669	29,256	30,048	30,848	31,824	32,826
% Ch	3.5%	2.4%	6.2%	3.7%	5.2%	2.0%	2.7%	2.7%	3.2%	3.1%
Idaho Nonfarm (Millions)	23,297	24,088	25,379	26,298	27,775	28,313	29,014	29,879	30,861	31,903
% Ch	3.3%	3.4%	5.4%	3.6%	5.6%	1.9%	2.5%	3.0%	3.3%	3.4%
U.S. (Billions)	6,547	6,805	7,208	7,427	7,737	7,965	8,129	8,356	8,634	8,891
% Ch	3.4%	3.9%	5.9%	3.0%	4.2%	2.9%	2.1%	2.8%	3.3%	3.0%
HOUSING STARTS										
Idaho	9,220	8,864	10,114	10,342	11,526	12,257	10,858	10,097	9,832	9,672
% Ch	-1.5%	-3.9%	14.1%	2.3%	11.4%	6.3%	-11.4%	-7.0%	-2.6%	-1.6%
U.S. (Millions)	1,469	1,475	1,621	1,647	1,573	1,603	1,652	1,573	1,588	1,617
% Ch	7.9%	0.4%	9.9%	1.6%	-4.5%	1.9%	3.1%	-4.8%	1.0%	1.8%
TOTAL NONFARM EMPLOYMENT										
Idaho (Thousands)	492.6	508.7	521.5	539.1	559.3	567.9	568.2	576.6	587.7	600.5
% Ch	3.2%	3.3%	2.5%	3.4%	3.7%	1.5%	0.0%	1.5%	1.9%	2.2%
U.S. (Millions)	119.6	122.7	125.9	128.9	131.7	131.9	131.0	133.2	136.0	138.2
% Ch	2.0%	2.6%	2.6%	2.4%	2.2%	0.2%	-0.7%	1.7%	2.1%	1.6%
SELECTED INTEREST RATES										
Federal Funds	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%	1.8%	3.0%	4.7%	5.5%
Bank Prime	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.8%	6.0%	7.7%	8.5%
Existing Home Mortgage	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%	7.1%	7.5%	8.0%	8.1%
INFLATION										
GDP Price Deflator	1.9%	1.9%	1.2%	1.4%	2.3%	2.2%	1.4%	2.4%	2.6%	2.6%
Personal Cons Deflator	2.1%	1.9%	1.1%	1.6%	2.7%	1.9%	1.4%	2.6%	2.7%	2.7%
Consumer Price Index	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%	1.7%	2.8%	2.8%	2.8%

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JULY 2002

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current \$	10,450	10,527	10,643	10,826	11,006	11,168	11,329	11,504	11,696	11,881	12,063	12,230
% Ch	7.5%	3.0%	4.5%	7.0%	6.8%	6.0%	5.9%	6.3%	6.8%	6.5%	6.3%	5.7%
1996 Chain-Weighted	9,489	9,517	9,587	9,694	9,784	9,870	9,951	10,040	10,139	10,232	10,322	10,399
% Ch	6.1%	1.2%	3.0%	4.6%	3.8%	3.5%	3.3%	3.6%	4.0%	3.7%	3.5%	3.0%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	32,785	33,185	33,541	33,986	34,429	34,915	35,430	35,869	36,404	36,961	37,570	38,040
% Ch	6.7%	5.0%	4.4%	5.4%	5.3%	5.8%	6.0%	5.0%	6.1%	6.3%	6.8%	5.1%
Idaho Nonfarm (Millions)	31,625	32,024	32,411	32,847	33,342	33,819	34,284	34,784	35,344	35,841	36,379	36,902
% Ch	4.9%	5.1%	4.9%	5.5%	6.2%	5.8%	5.6%	6.0%	6.6%	5.7%	6.1%	5.9%
U.S. (Billions)	8,886	8,973	9,068	9,186	9,327	9,455	9,592	9,724	9,888	10,032	10,181	10,318
% Ch	5.5%	4.0%	4.3%	5.3%	6.3%	5.6%	6.0%	5.6%	6.9%	5.9%	6.1%	5.5%
PERSONAL INCOME - 1996 \$												
Idaho (Millions)	29,794	29,940	30,130	30,327	30,498	30,735	30,994	31,164	31,429	31,693	31,997	32,177
% Ch	5.6%	2.0%	2.6%	2.6%	2.3%	3.2%	3.4%	2.2%	3.4%	3.4%	3.9%	2.3%
Idaho Nonfarm (Millions)	28,740	28,892	29,115	29,310	29,535	29,771	29,992	30,221	30,514	30,732	30,983	31,214
% Ch	3.9%	2.1%	3.1%	2.7%	3.1%	3.2%	3.0%	3.1%	3.9%	2.9%	3.3%	3.0%
U.S. (Billions)	8,076	8,096	8,146	8,197	8,262	8,323	8,391	8,448	8,537	8,602	8,671	8,728
% Ch	4.5%	1.0%	2.5%	2.6%	3.2%	3.0%	3.3%	2.7%	4.3%	3.1%	3.3%	2.6%
HOUSING STARTS												
Idaho	11,206	11,038	10,695	10,493	10,272	10,118	10,067	9,930	9,878	9,860	9,826	9,763
% Ch	-7.3%	-5.9%	-11.9%	-7.3%	-8.2%	-5.9%	-2.0%	-5.3%	-2.1%	-0.7%	-1.4%	-2.5%
U.S. (Millions)	1.725	1.643	1.621	1.618	1.577	1.569	1.578	1.569	1.565	1.579	1.596	1.613
% Ch	44.9%	-17.9%	-5.1%	-0.9%	-9.8%	-1.9%	2.3%	-2.3%	-1.0%	3.5%	4.5%	4.4%
TOTAL NONFARM EMPLOYMENT												
Idaho (Thousands)	565.7	567.0	569.2	570.8	572.9	575.2	577.8	580.5	583.3	586.2	589.2	592.0
% Ch	-0.4%	0.9%	1.6%	1.2%	1.4%	1.6%	1.9%	1.8%	1.9%	2.0%	2.1%	2.0%
U.S. (Millions)	130.8	130.7	130.9	131.5	132.2	132.7	133.5	134.3	135.0	135.7	136.3	136.9
% Ch	-1.1%	-0.2%	0.6%	1.8%	2.1%	1.7%	2.2%	2.3%	2.2%	2.0%	2.0%	1.6%
SELECTED INTEREST RATES												
Federal Funds	1.7%	1.8%	1.8%	2.0%	2.2%	2.6%	3.1%	3.9%	4.3%	4.6%	4.7%	5.0%
Bank Prime	4.8%	4.8%	4.8%	5.0%	5.2%	5.6%	6.1%	6.9%	7.3%	7.6%	7.7%	8.0%
Existing Home Mortgage	6.9%	6.9%	7.2%	7.2%	7.3%	7.4%	7.6%	7.9%	8.1%	8.0%	7.9%	7.9%
INFLATION												
GDP Price Deflator	1.2%	1.8%	1.5%	2.4%	3.0%	2.4%	2.5%	2.6%	2.7%	2.7%	2.6%	2.6%
Personal Cons Deflator	1.0%	2.9%	1.7%	2.7%	3.0%	2.5%	2.5%	2.8%	2.6%	2.8%	2.8%	2.8%
Consumer Price Index	1.4%	3.4%	2.1%	3.0%	3.1%	2.6%	2.7%	2.9%	2.7%	2.9%	2.9%	2.9%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the First Quarter of 2002 through the Fourth Quarter of 2005

The U.S. economy is sound and should begin picking up speed during the second half of this year. This may come as a surprise given the current stock market woes and revelations of corporate corruption. Indeed, the recent tremble of confidence suggests the widespread popular media coverage of these events have caught consumers' attention. However, in order to get some of their courage back, consumers are directed to "the second page of the newspaper, below the fold." Here, they will find more encouraging news about the economy. For example, industrial production rose for the sixth consecutive month in June 2002. Consumer inflation of 0.1% in July 2002 barely showed on the economic radar screen. Business inventories rose 0.2% in May 2002. The housing sector is on pace for having its best year since the 1980s.

This sets the stage for slightly accelerating growth during the forecast period. Specifically, real GDP, the most-watched indicator of the economy's overall health is forecast to advance 2.5% this year, 3.5% next year, 3.7% in 2004, and 3.1% in 2005. Real consumer spending should grow just over 3.0% per year. Spending on the military and homeland defense should cause federal government spending to grow faster than real GDP in both 2002 and 2003. And after declining for two straight years, real nonresidential fixed investment is expected to begin growing again in 2004. During this expansion, inflation should remain modest, averaging about 3.0% per year after this year.

This is not to say the economy's future will be without risks or challenges. The biggest drag on the economy in the near future will be the trade deficit. Since 1991, the real net export deficit has bloated from under \$16 billion in 1991 to just under \$500 billion in 2002, or about 4.0% of GDP. In fact, it is approaching the point where it becomes burdensome enough to cause a devaluation of the dollar. This forecast accounts for this by assuming the dollar slides 10% over the next two years. In fact, the dollar and euro could be trading at parity by late summer. But even the dollar devaluation should have a positive impact. It will benefit American companies competing in the global market.

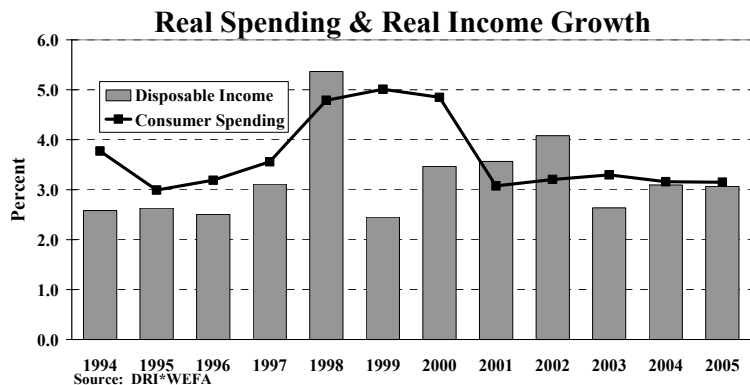
Much has been made about the slow job growth during this recovery. Recent modifications to the U.S. economic forecast show this is an area of concern. This is best seen by comparing the current forecasts for real GDP and nonfarm employment to their counterparts from the previous forecast. Real GDP is significantly higher in each year of the current forecast. Thus, one would assume nonfarm employment would also be higher than was forecasted in April 2002. However, the data does not show this; the current nonfarm employment forecast is actually lower than the previous forecast. The reason for this is the current forecast assumes productivity will grow faster. Thus, with higher output per hour, fewer employees will be needed per unit of real output.

In summary, in spite of these challenges, the national economy is projected to move forward during the forecast period. This is because coming out of the mildest recession on record, the U.S. economy is fundamentally sound and well positioned for growth.

SELECTED NATIONAL ECONOMIC INDICATORS

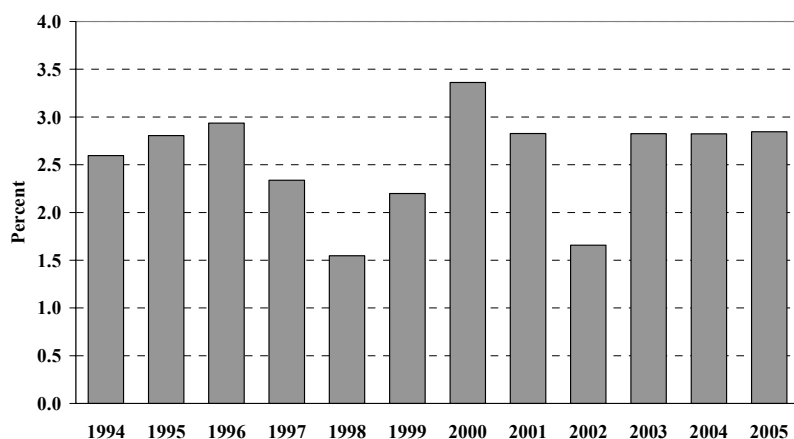
Consumer Spending: Steadfast consumer spending prevented the 2001 recession from being deeper and should help keep the economy afloat over the forecast period. In most cases, recessions result when consumer spending retreats. This is because consumer spending accounts for two-thirds of the U.S. economy. A classic example of this was the 1990-91 recession. Already slowing consumer

spending plunged in the last quarter of 1990 and first quarter of 1991. This pulled the economy into a recession that lasted three quarters and caused real output to drop 1.5%. In contrast, real consumer spending has continued to grow during the 2001 recession. (This recession was caused by the collapse in business investment.) The steady consumer spending should make this recession the mildest on record, with a real output decline of less than one percent and a duration of just one quarter. This begs the question of why has consumer held up so well, especially in light of several events that one would expect to undermine consumers' faith in the economy. Over the course of a couple of years, consumers have experienced a major correction in the stock market, rising unemployment, and the terrorist attacks on the U.S. Despite these events, consumer confidence has remained stubbornly high until very recently. There are several reasons for this. Although the stock market correction had a significant impact on consumers' wealth, it is important to remember this correction came after several years of double-digit market gains that propelled U.S. household wealth to record levels. Thus the decline in wealth was from very high levels, so household wealth remains relatively high. The impact of this market correction was also dampened because consumers spend much less out of wealth than out of income. The terrorist attacks last fall were followed with dire predictions that consumer confidence would collapse and send spending reeling. While there was a significant dip in confidence immediately after the attacks, consumer confidence rebounded stronger and faster than almost anyone had expected. This helped keep spending moving forward. Spending also was aided by generous incentives by automakers and low interest rates. Low interest rates had positive direct and indirect impacts on spending. Purchases of interest rate-sensitive products, such as durable goods, benefited from low interest rates. But they also benefited another way. Low interest rates also fueled the housing market. Once consumers had purchased their new homes, they eagerly filled them with new appliances, carpets, furniture, etc. One of the most significant items affecting consumer confidence is employment. The rapid deterioration of the nation's employment rate, from a low of less than 4.0% to nearly 6.0%, has led to fears that consumers' euphoria will be derailed. Indeed, the employment situation has caused some chinks in consumer confidence. However, any damage will probably be limited. To see why, one must remember that the unemployment rate consistent with a fully employed labor force is currently about 5.5%. The current unemployment rate is just marginally above this threshold. (It should also be noted that the sub-4.0% rate would not be sustainable in the long run and could have eventually led to higher inflation.) Conditions call for steady real consumer spending growth in the future. While job growth has lagged the rest of the economy, it is important to remember this is normal. (The traditional lag between the GDP recovery and job recovery may have been exaggerated in this recession because of the extension of unemployment benefits.) Indeed, there are already signs the employment situation is stabilizing. Once Americans are convinced their jobs are secure, consumer confidence should solidify.



In the meantime, real consumer spending should get a boost from other factors. Interest rates are expected to rise just gradually. And automobile makers have extended their generosity by announcing another round of interest-free loans. A wild card is whether current stock market problems will affect consumer confidence. Even here there is a silver lining. After being pummeled in 2001 and 2002, the stock market is expected to grow again beginning in 2003. Of course, the economy has to get through the short term before it can hit the long term. Consumer confidence is expected to climb to 94 in 2002 and remain near that level for the duration of the forecast. Real consumer spending is anticipated to expand just over 3.0% annually over the forecast period, which is about the expected pace of real disposable income growth. One of the concerns during the late 1990s was that consumers were financing their spending spree with their savings and credit. It will be interesting to see how these two measures fare as the economy grows slower during the forecast horizon.

Consumer Price Inflation

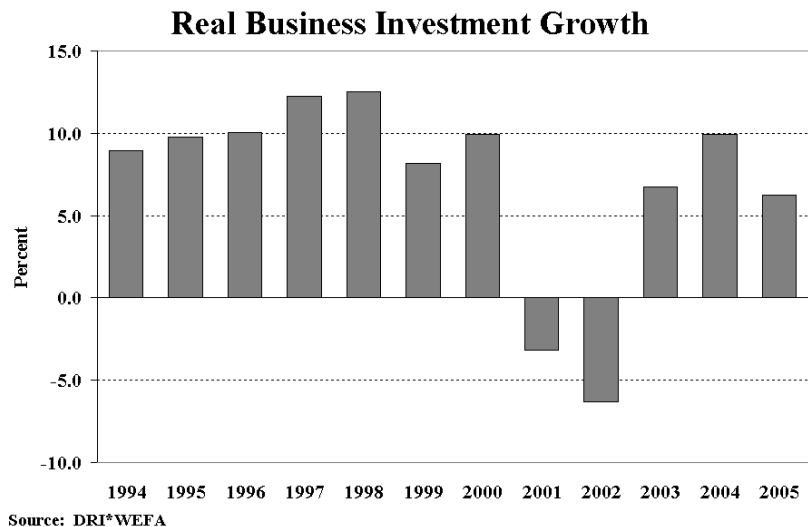


Source: DRI*WEFA

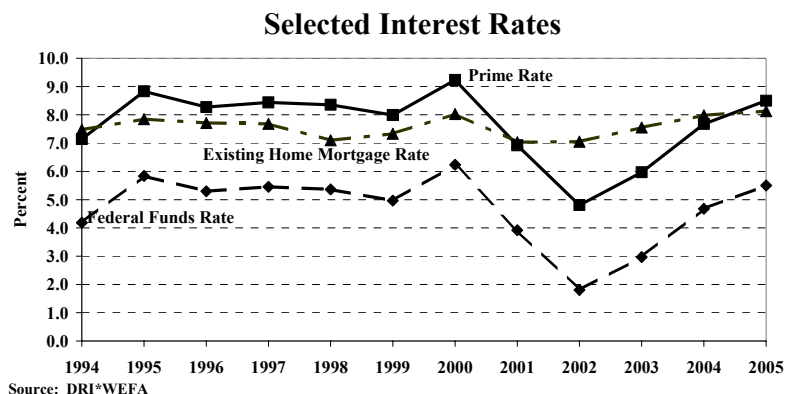
Inflation: Inflation is expected to remain benign over the next few years. This is a relief after the scare the economy suffered in 2000. In that year, Consumer prices jumped 3.4% due to a nearly 30% rise in energy commodity costs. The red-hot economy and even hotter summer temperatures pushed energy prices up significantly. This was felt at all levels of the economy. For example, in 2000, wholesalers saw the price for fuel and power jump nearly 30%. But the huge price increase in this aggregate measure masks even larger changes to some of its components. Specifically, gas fuels, domestic

crude oil, refined petroleum products, and residual fuels all experienced price increases over 50% in 2000. As the summer of 2001 approached, the country braced for another round of energy price increases. However, the wholesale price rose just 2% as energy prices were better behaved thanks to the slowing economy and favorable weather conditions. The situation is projected to improve further this year as energy prices at the wholesale level actually retreat 9.3%. This expected decline should cause the energy component at the consumer level to shrink an impressive 7.7% this year. After this year, energy prices are forecast to return to more typical growth patterns that will translate to about 2% annual increases to consumer energy prices at the consumer level. Another recent source of cost-push inflation was increasing employment costs. The strong economic growth in 2000 and 2001 soaked up any excess labor, and this bid up the cost of compensation (wages and benefits). For example, this measure jumped nearly 7% in 2000 and 5.8% in 2001. This was a concern because employee costs are a huge part of business expenses that are ultimately passed on to the consumer. However, the economic slowdown seems to have vented some of these pressures, and employee costs are expected to rise just 2.8% this year. Even after the economy recovers, employee costs are forecast to rise about 4% annually. Rising productivity is a factor keeping the lid on employee costs. Consumer prices should also benefit from the glut of idle manufacturing capacity. This is because businesses cannot raise prices without threatening their market share. Thus, companies should resist price increases unless it is absolutely necessary.

Business Investment: The U.S. Department of Commerce's final estimate for real GDP for the first quarter of this year shows it posted its strongest showing since the last quarter of 1999. Unfortunately, none of it can be attributed to nonresidential investment. This sector has been in a slump since the last quarter of 2000; it has declined in every quarter since that one. The situation is so dire one must look hard to find any bright spots. One could point out that real nonresidential investment dropped at "just" a 6.2% annual rate in the first quarter of 2002, which is about half



as slow as the previous quarter's decline. This shaved 0.71 of a percentage point off real GDP growth. A closer inspection of the data reveals some unsettling facts. First, the equipment and software component contributed virtually nothing to real GDP growth in the first quarter of this year, and that is the best news. For over a year it has contracted in each quarter. Second, real investment on nonresidential structures has also been in decline. The disappointing showing for both these components reflect the slowdown in the manufacturing sector, which has been more severe than the overall recession, and the collapse of the dot com industry. The severity of this situation can be seen in the employment and manufacturing capacity utilization data. From the second quarter of 2000 to the first quarter of 2002, the manufacturing sector has shed over 1.6 million jobs. Over this same period, the percent of manufacturing capacity being utilized has fallen from 81.6 % (virtually full capacity) to 73.5%. This glut of manufacturing capacity is one of the factors that should limit any recovery in investment spending. With so much capacity sitting idle, businesses have little incentive to expand. The lack of corporate profits will also put a damper on future business spending. However, low interest rates will help offset some of this impact. Spending on nonresidential structures are expected to be hampered by rising office vacancy rates resulting from the collapse of the dot com industry.

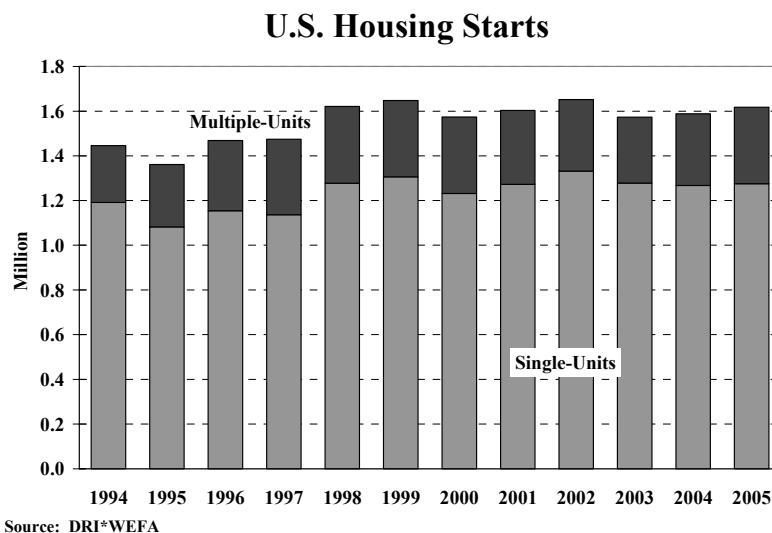


Financial: The Federal Open Market Committee's decision to leave its interest rate targets unchanged was expected by almost everyone. Prior to the Federal Reserve's meeting there was some speculation that the Committee might start raising rates. However, this was the minority opinion. The majority guessed (correctly) that the Federal Reserve would not start tightening until it was sure the

economic recovery had legs. At the time of the meeting there still was enough doubt about the recovery's health to tilt the scales in favor of the central bank holding the line on interest rates. The Federal Reserve's wait-and-see policy is also being shaped by the inflation situation. Without the pressures of raging inflation, the central bank has been afforded the luxury of time to set its policy. However, upward pressures on inflation rates are coming from other sources. Following three years of net debt redemption, the Treasury has had to resume raising new cash. In early May 2002, the Treasury

auctioned off \$33 billion in notes. Two-thirds were five-year notes and the remainder was ten-year notes. There was investor interest in these notes, but there was no mad dash for them. The five-year notes sold at a yield of 5.17%, which was the highest of the year. Interest rates go up if the Federal Reserve feels compelled to boost the flagging dollar. Over the last few months the greenback has tumbled because it has lost favor with foreign investors. This slide reflects the impacts of both political and economic factors. On the political front, tensions in the Mideast intensified, while the saber rattling between Pakistan and India threatened to escalate into a shooting war. High-profile international condemnation of protectionist U.S. trade policies has also likely hurt the dollar. On the economic front, the frustrating performance of the U.S. stock market has led foreign investors to slow their net purchases of stocks and bonds. Despite pressures on the dollar, it is believed the Federal Reserve will keep its focus on economic growth and inflation. As a result, it will raise rates slowly beginning in the second half of this year. The federal funds rate should average about 2.0% this year, 3.0% next year, 4.7% in 2004, 5.5% and 2005. The discount rate is projected to be a percentage point higher than the federal funds rate in the last three years of the forecast. The real exchange rate is expected to decline through the forecast period.

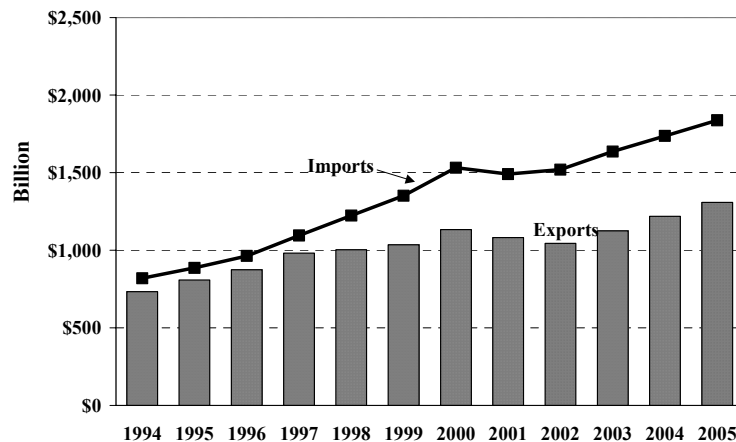
Housing: Housing has been a notable exception to the dismal investment picture. For example, total the number of housing starts grew in 2001 and it is expected to expand further this year. Not only have starts been growing, but so have housing sales. Another positive sign is real spending on residential structures grew at a 14.6% annualized rate in this year's first quarter. But this probably has more to do with the mild winter weather than economic factors. Housing starts follow relatively predictable seasonal patterns. Typically, as winter moves in, housing starts drop. To adjust for



this, factors are developed and used to adjust the raw data to compensate for seasonal patterns. This is done so any remaining changes are mainly due to economic factors. The seasonal factor for housing achieves this by boosting the winter raw housing start data. But this winter has not been typical; it was the mildest on record. As a result, the decline in the raw data that usually took place did not occur. However, the raw data was increased by the seasonal factor, which is why housing starts were so strong in the first quarter of this year. Had the winter been more typical, U.S. housing starts would have been lower. However, the positive impact of the lowest mortgage interest rates in a generation cannot be ignored. The number of U.S. housing starts is expected to rise 3.1% this year, retreat 4.8% next year, grow 1.0% in 2004, and expand 1.8% in 2005.

International: The nation's trade situation is projected to deteriorate over the forecast period. This is much different from the 1990-91 recession where trade was actually improving and counteracted some of the other negative factors at that time. Since that time, the real net export deficit has bloated from under \$16 billion in 1991 to just under \$500 billion in 2002. Ironically, this deficit results from the nation's economic strength in recent years. Up until recently, the U.S. has been the world's economic locomotive. As other economies lost steam, they looked to the U.S. as the economic engine that would pull them forward. This arrangement favored imports of goods into the U.S. compared to U.S. exports. The strong dollar reinforced this situation. Thus, the trade sector was actually a drag on the entire economy over these years. However, this fact seems to have gone unnoticed because, even with the

U.S. Imports and Exports



Source: DRI*WEFA

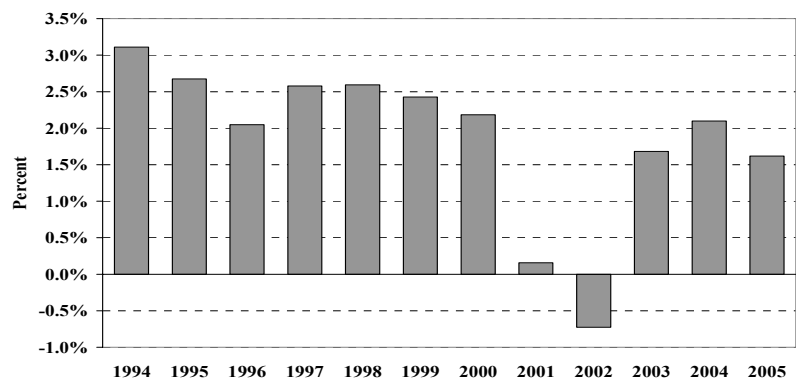
federal government and several provinces enacted tax reductions before the U.S. In addition, Canada's economy is less dependent on the high-tech sector than the U.S. economy, so it was less impacted by the collapse in business investment. To our south, the Mexican economy has been in recession for more than a year because of weak demand for its products both home and abroad. This downturn, while relatively mild, has been one of the longest in the last two decades. However, several indicators suggest the economy has turned the corner and is entering an expansionary cycle. This being the case, the Mexican economy should grow faster than its U.S. counterpart over the forecast period. Japan's seemingly chronic recession should show signs of clearing next year. However, its recovery is expected to be weak and lag U.S. economic performance for the next few years. The combined outlook for the large West Europe countries (France, Germany, U.K., and Italy) is similar to Japan's. After growing faster than U.S. output in 2001, European real GDP should grow slower than U.S. real output.

Employment: What goes up usually comes down. But in the case of the U.S. unemployment rate, after a rapid rise it is falling slowly and is not expected to land at its previous low. The U.S. civilian unemployment rate hit a low of 3.9% in April 2000. It was at 6.0% exactly two years later, one year after the 2001 recession officially started. The unemployment rate of 5.9% in June 2002 was a marginal improvement. Unfortunately, it does not appear that the unemployment rate will retreat to anywhere near its previous low over the forecast period.

The civilian unemployment rate is projected to average 6.0% this year. It is expected to average 5.1% in 2004. Thus after two years, the unemployment rate will have improved by just under 100 basis points and it will still be 1200 basis points above its 2000 trough. The less-than-spectacular reduction in the unemployment rate is a concern because it has such a heavy influence on consumer confidence. Should Americans grow impatient with the pace of the employment recovery, consumer confidence could retreat. This is not expected to happen because, believe it or not, the employment situation is not as bad as been portrayed in the media. This recession has had a relatively mild impact on employment. In fact, this will be the only post-World War II recession where the unemployment rate fails to top

trade drag, real output was expanding at well above trend levels. But as the economy has slowed, the trade deficit is once again being scrutinized. Unfortunately, anticipated conditions show the trade deficit should grow even larger over the forecast period. The rest of this section focuses on the anticipated performances of several of this country's trade partners. Canada's economy is projected to grow faster than the U.S. economy over the next two years. One of the reasons our northern neighbors enjoy stronger growth is because its

U.S. Nonfarm Employment Growth



Source: DRI*WEFA

7.0%. It peaked at 7.8% as a result of the 1990-91 recession. The current unemployment rate of 5.9% is relatively low compared to the last two decades. It averaged 5.8% through the 1990s and was an even higher 7.3% through the 1980s. Not everything is better this time, though. The duration of unemployment is running longer than usual. In June 2002, the average length of unemployment was 17.3 weeks, which was about a month longer than in the previous June. Part of this increase reflects the emergency extension of unemployment benefits. As was mentioned above, the unemployment should not fall back to its 3.9%-trough during the forecast period. But this is not a bad thing. The return to a 3.9% unemployment rate may be undesirable because economists believe the economy is at full employment when the unemployment rate is around 5.0%. Below this level, employee compensation costs start to heat up and inflation becomes a problem. Neither can the unemployment rate remain near 6.0%. Many businesses have also pared employment to minimal levels, and will need to increase payrolls as the economy reheats. This should cause the unemployment rate to gradually fall back to 5.1% in 2004—the full-employment level, which is consistent with the long-term health of the economy.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the First Quarter of 2002 through the Fourth Quarter of 2005

This year should be one of transition for the Idaho economy. After a disappointing start, Idaho nonfarm employment is projected to begin expanding in the second half of this year. On an annual basis, Idaho nonfarm employment is expected to be flat this year, but closer examination suggests things may be better than they appear. First, much of the softness in this year is a carryover from the severe employment slide in 2001. In that year, employment dropped from 568,155 at the beginning of the year to 566,171 at the end of the year. The biggest drop came in the last quarter of 2001, which lowered the starting point for employment in 2002. In the first quarter of this year employment dropped at a mild 0.4% annual rate, but the cumulative effect of the previous quarter makes it seem worse. It should also be pointed out that Idaho nonfarm employment is anticipated to grow in the remaining three quarters of 2002. This growth will offset the negative impacts of the previous year. Thus, although Idaho nonfarm employment for 2002 shows no growth on an annual basis, there should be growth in most quarters of that year.

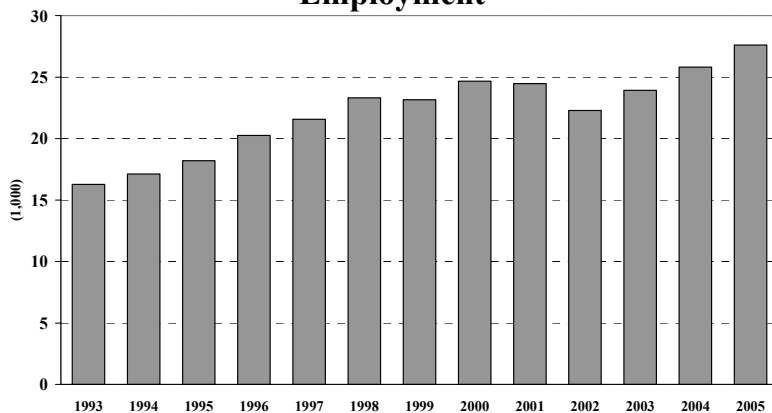
Idaho personal income is forecast to grow faster this year than last year. The U.S. Department of Commerce estimates that Idaho nominal personal income grew by 3.9% last year. The deceleration in wage and salary payments was a major factor in 2001's performance. Idaho wage and salary payments surged 10.2% in 2000, but increased just 2.7% in 2001. A portion of this slow down can be traced to the slow job growth in 2001 and another portion is attributable to slow wage growth. Idaho nonfarm employment increased 1.5% in 2001—its weakest showing since 1986. In addition, Idaho's average annual wage grew just 1.0%. Idaho wages and salary payments are expected to grow by 2.7% again this year due to faster average wage growth. In addition, other components of Idaho personal income are also projected to accelerate this year, so Idaho nominal personal income growth should improve to 4.2% this year. Idaho real personal income is forecast to increase 2.7% in 2002, which is a notable improvement over last year's 2.0% real growth.

Idaho's economy is expected to accelerate annually after this year, but a return to growth rates experienced in the late 1990s is not anticipated. Idaho nonfarm employment is projected to increase 1.5% in 2003, 1.9% in 2004, and 2.2% in 2005. Initial strength should come from the state's gigantic services-producing sector. It is forecast to expand 1.5% this year, 1.8% next year, 1.9% in 2004, and 2.2% in 2005. The goods-producing sector should take a little longer to recover. It is forecast to shrink 5.6% in 2002, experience no growth in 2003, advance 1.8% in 2004, and expand 2.2% in 2005. This sector's outlook reflects hard hits to a couple of its traditional growth engines. The state's electrical and nonelectrical industry has been a steady source of jobs for well over a decade. In 2002, its employment is expected to retreat 8.9%—its first annual decline since 1986. Construction employment, which rode the crest of the state's building tidal wave, is forecast to decline 5.1% this year, 3.9% next year, 2.1% in 2004, and rise 1.3% in 2005.

Idaho personal income growth should also improve over the next years. Specifically, Idaho nominal income is projected to rise 4.2% in 2002, 5.4% in 2003, and 5.9% in both 2004 and 2005. Part of this improvement reflects the anticipated stronger growth for Idaho's average annual wage. Idaho real personal income should grow 2.7% in both 2002 and 2003, 3.2% in 2004, and 3.1% in 2005.

SELECTED IDAHO ECONOMIC INDICATORS

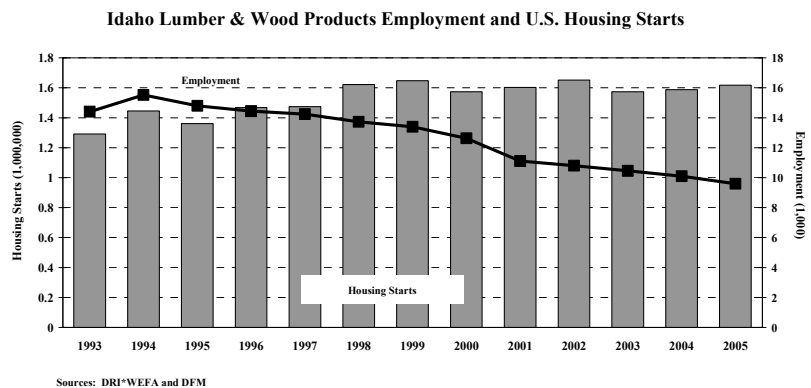
**Idaho Electrical & Nonelectrical
Employment**



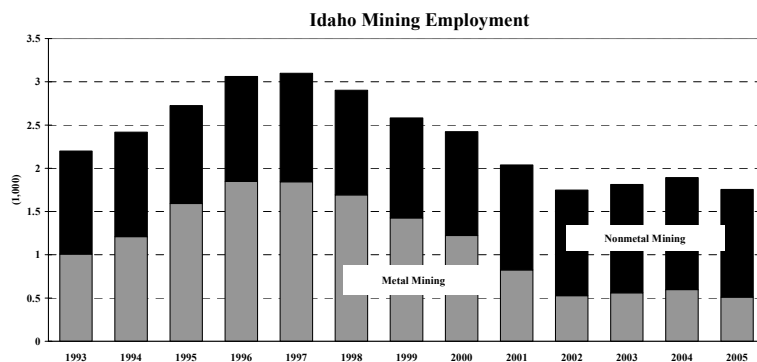
Electrical and Nonelectrical Machinery: Recent data from the Idaho Department of Labor show the previous estimates for Idaho electrical and nonelectrical machinery employment reported in the April 2002 *Idaho Economic Forecast* were too high. Specifically, that publication showed this sector's employment was 23,145 in the last quarter of 2001 and DFM predicted 23,313 jobs in the first quarter of 2002. This suggests employment bottomed out at the end of last year and began recovering in this year's first quarter. The actual data show electrical and nonelectrical

machinery fell to 22,798 in the fourth quarter of 2001 and declined further to 22,039 in the first quarter of 2002. By the second half of this year, this sector should be posting employment gains. After the first quarter of this year, this sector's employment should gradually expand. However, a return to the extraordinary growth rates enjoyed during the state's economic expansion is not anticipated. This is because this sector's employment is driven by real business investment. During the second half of the 1990s, U.S. real business investment was an engine of economic growth that grew over 10% annually. High-tech investment did particularly well during this period. Fueled by the widespread use of the World Wide Web, the Telecommunications Act of 1996, and Y2K, combined real spending on software, computers, and communications equipment advanced over 25% per year. In response to this strong demand, the output of office and computer equipment rose nearly 40% per year from 1995 to 2000 and the output of electronic components grew about 50% per year. This reversed dramatically last year. In 2001, real spending on equipment and software declined 4.4%. This put the brakes on office and computer equipment output growth, causing it to slow to just 2.3% in 2001. Electronic component production actually contracted 4.4% last year. Idaho was not immune from these setbacks; local companies laid off approximately 4,000 persons. A notable exception to the list of high-tech companies announcing layoffs was Micron Technology. Instead, it took other measures to combat low prices for its products. One measure, a hiring freeze, has had an impact because the company traditionally produced 100 to 200 new jobs per month. In 2001, Idaho machinery employment shrank 0.8%. It is expected to decline almost 9.0% this year, then grow 7.3% in 2003, 7.9% in 2004, and 7.0% in 2005. This is slightly less optimistic than the April 2002 forecast. There are several reasons for dampening the forecast. First, the weak employment showing in the first quarter of 2002 may indicate the current investment situation has a more negative impact on local employment than in the past. Second, business investment is a wild card. After years of strong growth, investment collapsed in 2001, leaving us in uncharted territory. Replacement demand will boost investment, but opportunities for increased spending on capacity additions seem limited. Currently, about a quarter of the nation's manufacturing capacity is sitting idle, which is well below full capacity. Third, Micron Technology has been acquiring manufacturing capacity outside of Idaho by purchasing assets from other companies. This puts the company in an excellent position to take advantage of stronger markets. Of course, since most of these plants are out-of-state, any hiring for them will not be counted in Idaho employment.

Lumber and Wood Products: The state's lumber and wood sector suffered another setback when the owner of the mill in Cascade, Idaho announced this spring they would be dismantling the mill in June 2002. Approximately 125 jobs were lost when the former Boise Cascade mill ceased operations in 2001. At that time it was hoped the company would find a buyer for the mill and it could possibly resume operations.



Unfortunately, no buyer was found and the mill will become another of a long list of mills that have closed permanently. About 250 jobs were lost last year when the Emmett, Idaho mill was closed. Potlatch shuttered its Jaype Mill near Pierce the previous year, a move that cost about 215 high-paying jobs. Unfortunately, mill closing have become an all-too-frequent occurrence in the West. *Random Lengths* recently reported that there were 337 sawmills, plywood plants, veneer mills, and board mills operating in Oregon, Washington, California, Idaho, and Montana, which was just over half the 663 that were in operation ten years ago. The closures have had a significant impact in Idaho. The lumber and wood products sector was once the state's largest manufacturing employer. However, between 1990 and 2000 it had shed over 15% of its employment base. It shrank an additional 12.1% in 2001 alone. The impacts of these job losses are amplified in rural communities where the mill is often the largest employer and there are limited opportunities to find similar work. Most of this sector's woes can be traced to the dwindling supply of timber from public lands. Like most of the region, the health of the Gem State's industry depends on an adequate supply of public timber. Federal records show the amount of timber harvested from federal lands has indeed declined. According to U.S. Department Agriculture, the total amount of timber harvested in Idaho fell from 1.8 million board feet in 1990 to 1.2 billion board feet in 2000, a 31% drop. These data also show that harvests from Idaho national forests fell an astounding 78% over this decade. The industry has also suffered the near disappearance of the export market. The strong dollar, Canadian competition, and shrinking foreign demand for lumber have all had negative impacts on this sector. The soft export market has flooded the domestic market with lumber and wood products, which helps to explain why this sector continues to lose jobs at a time when the domestic demand for its products is relatively strong. Idaho lumber and wood products employment is forecast to drop 2.7% in 2002, 3.2% in 2003, 3.4% in 2004, and 5.0% in 2005.



Mining and Chemicals: Like other resource-based sectors, Idaho's mining and chemical industries have struggled recently. Unfortunately, they are not expected to turn around in the near future. The state's mining sector suffered its fourth straight year of employment declines in 2001. After peaking at about 3,100 jobs in 1997 it had just over 2,000 jobs in 2001. Most of the job losses were in the metal mining

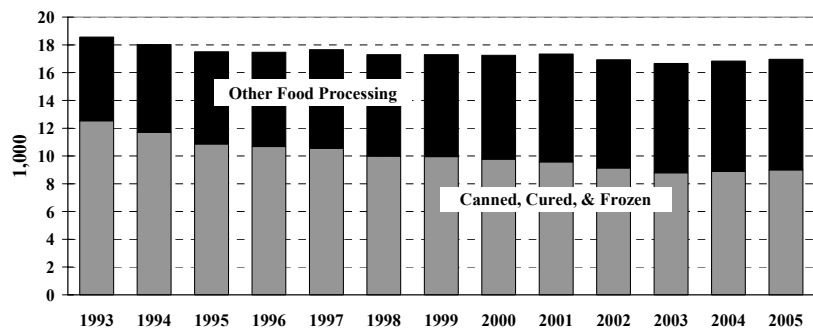
component, which shed over 1,000 jobs from 1997 to 2001. The state's metal mining sector received two recent blows. The Sunshine Mine closed because the Asarco Smelter in East Helena was

shutdown, leaving Sunshine without a place to send its silver concentrate. The Lucky Friday Mine curtailed operations due to low metal prices. Low silver prices have bedeviled Coeur d'Alene Mines Corporation to the point where it has warned shareholders it may have to seek bankruptcy protection. In contrast, nonmetal mining employment was virtually flat over the same period. Unfortunately, it is unlikely that Idaho's mining sector has experienced its last round of job cuts. This sector's payroll is forecast to shrink another 20.6% in 2002. The state's chemical sector has also fallen on hard times. Most notably, Astaris closed its Pocatello elemental phosphorus plant after more than a half a century of operation. Job cuts had been anticipated even before the October 11, 2001 closure announcement. Last March, the company reported its plan to shut down three of its four production furnaces and was planning to reduce its work force by half (around 200) by June 2002. The approximately 300 remaining employees lost their jobs when plant permanently closed its doors. The job losses go beyond the plant, however. Several hundred construction jobs were lost after a major project at the plant was abandoned. The mining for ore was also affected. Unfortunately, Astaris is not the only Gem State chemical manufacturer to fall on hard times. Kerr-McGee closed its Soda Springs vanadium and phosphate plant due to the low price of vanadium. Idaho chemical employment should drop from 2,324 in 2001 to 1,795 in 2005.

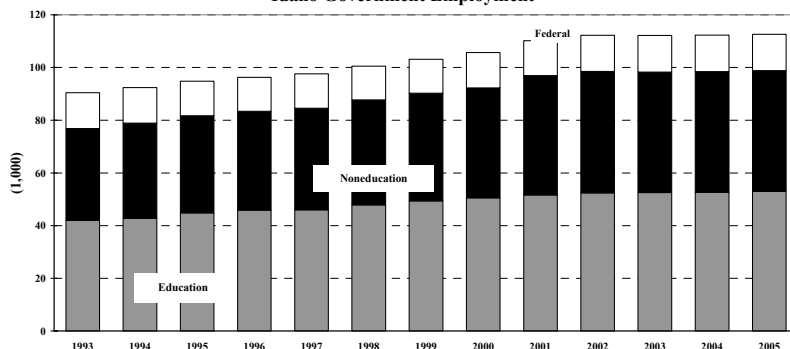
Food Processing: The state's largest nondurable manufacturing sector continued to adjust to a changing business landscape. One of the most significant changes is that a Magic Valley food-processing icon is shutting down permanently. This spring, J.R. Simplot Company announced the closing of its Heyburn, Idaho potato processing plant by April 2004. Company

officials said this old plant was too inefficient to operate profitably. The closure will result in the loss of over 600 processing jobs. Most of the jobs (about 500) will disappear by the fall of 2002. Not all this sector's news has been bad for this sector. A cheese plant in Blackfoot, Idaho that has been idle since February 2002, should be up and running again by summer's end. The Antigo Cheese Company purchased the 50,000 square foot plant from Suprema Specialties Northwest. The new owners plan to have about 30 employees at the plant by August 2002. Employment at the plant is expected to climb to 50 persons when it is at full production. Antigo's business plan calls for the Blackfoot cheese plant to initially produce American-style cheeses, then gradually make Italian cheeses.

Idaho Food Processing Employment



Idaho Government Employment



Federal, State, and Local Governments:

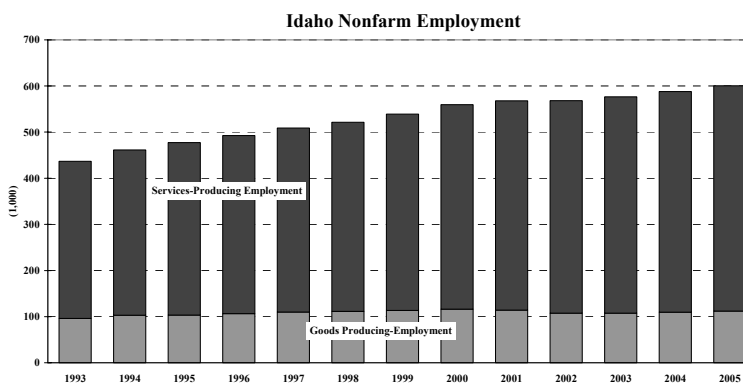
Several factors suggest limited employment opportunities for the state's public sectors. One factor is the expected slowing population growth, because population is a major determinant of government employment. To see this, one needs look no further than the previous decade. Idaho's population jumped 28.5% from 1990 to 2000. In comparison, the nation's population

grew just 13.2% over the same decade. Historically, huge swings in the Gem State's population are tied to migration. The 1990s were an excellent example of this phenomenon. Specifically, net migration accounted for two-thirds of the increase in total population. The strength of the state's economy versus its neighbors determines whether Idaho experiences a net in-migration or suffers a net out-migration. During the mid- to late-1980s, the Gem State's population actually declined because its weak economy resulted in an exodus of its citizens. However, this situation reversed itself as Idaho embarked on over a decade of prosperity. Once again Idaho became an attractive magnet of economic opportunity. At no time was this more obvious than during the 1990-91 recession. As the nation stalled because of the economic slowdown, Idaho cruised through relatively unscathed. At the 1990-91 recession's trough in 1991, U.S. nonfarm employment shrank 1.1%. In some states, such as California, the downturn was even more severe. In contrast, Idaho nonfarm employment actually increased a healthy 3.3% in 1991. The allure of Idaho's strong economy proved to be a powerful draw, and this caused the state's population to explode in the 1990s. Faced with growing pains that accompanied a fast growing state, all levels of government scrambled to ease the strain on the state's infrastructure. As a result, Idaho state and local government employment advanced over 3.5% annually during the first half of the 1990s. But even at this pace, Idaho governments were hard pressed to keep up with rapidly expanding needs. Over the next few years, Idaho's population growth is expected to slow, and this should take pressure off of local governments. But this not the only factor that should reel in Idaho state and local government employment growth. Local government budget caps will also limit employment growth. The tight state budget picture will also limit government payrolls. Like most states, Idaho is facing budget shortfalls. As a result of these factors, Idaho state and local government payrolls are expected to advance by no more than one percent annually through 2005. The outlook for federal job growth opportunities in the Gem State is even more limited. Federal employment decisions are ultimately determined in D.C. by federal budget writers. While federal spending may be boosted, it remains to be seen how it will benefit Idaho. The events of September 11, 2001 have caused a renewed vigor to spend on the military and homeland defense. Since the U.S. military has a relatively small presence in this state, Idaho is not likely to benefit from this spending. Idaho federal government employment is anticipated to grow slightly from 13,282 in 2001 to 13,735 in 2005.

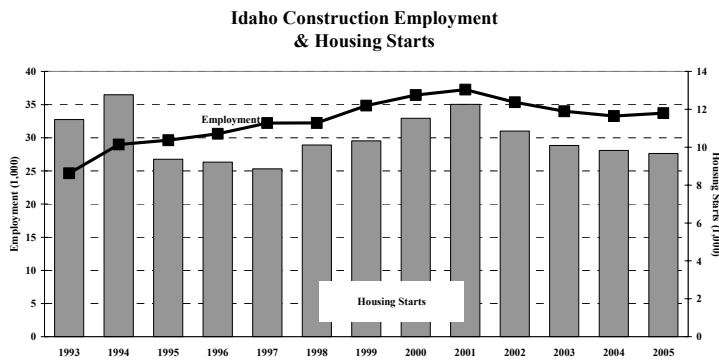
Services-Producing Industries: The

state's services-producing sector should keep the Idaho economy afloat during the early years of the forecast. A look at the forecast tables shows this sector's employment base expanding every year. On the other hand, goods-producing employment is expected to shrink this year and remain flat next year. One of the reasons for the services-producing sector's success is its diversity

because it covers a wide variety of industries. In 2001, there were almost 454,000 jobs in this sector. Several factors are also fueling growth. The biggest trend transforming it is the ongoing move away from a goods-producing economy to a services-producing one. In 1970, about one of every four jobs in Idaho was in the goods-producing sector (manufacturing, mining, and construction). Three decades later, the goods-producing sector accounted for just one of every five jobs. In the past, services employment was driven by local goods-producing industries. This has changed. As the economy evolves, services-based industries are becoming less dependent on these industries. An example of this trend is the growing number of call centers in Idaho. The call centers are involved in a wide range of



activities including sales, help lines, telemarketing, customer services, and market research. Call centers also include a wide variety of business sectors. These include manufacturing, transportation, communications, trade, finance, insurance, business services, and research and development. These companies have flourished in Idaho because new technology frees companies from being located near their markets. Instead, they are drawn to Idaho because of its high quality labor force. This has created opportunities in the Gem State that a few years ago would have seemed impossible. For example, landlocked Boise is the home to an international shipping company's scheduling operations. Although the connection between goods- and services-producing sectors have blurred, they have not been severed. In fact, in some cases they have even been reinforced. Manufacturing firms sometimes use temporary employees to meet their peak demand needs. These employees are often employed by employment services and are counted as service employees. As a result, their numbers wax and wane with the manufacturers' business cycle. Another trend affecting service employment is the increasing presence of national "big-box" merchandisers in the Gem state. Recent openings by such industry giants as Fred Meyer, Home Depot, and Wal-Mart have provided employment opportunities in both urban and rural communities. Services-producing employment is projected to increase 2.4% in 2001, 1.5% in 2002, 1.8% in 2003, 1.9% in 2004, and 2.2% in 2005.



Construction: After nearly a decade and a half of growth, Idaho's construction employment is forecast to contract over most of the forecast period. This sector's remarkable growth streak began in 1988 and lasted through 2001. This sector's employment nearly tripled from just fewer than 14,000 to 37,537 during this period. This translated into an average annual growth rate of 7.5% annual growth rate. This pace made

it one of the strongest performers during this boom period. To put this in perspective, Idaho total nonfarm employment growth averaged 3.9% per year over the same period. The growth in construction employment resulted primarily from the booming housing market caused by the state's rising population. Housing starts surged from about 3,300 units in 1988 to nearly 12,800 units in 1994. Housing starts did settle down to about 9,400 units in 1995. Since then, total housing starts have hovered in the 9,000- to 11,000-unit range. One of the reasons the construction sector did not collapse was because of the strong nonresidential building. Projects such as the Boise Towne Square Mall and the rebuilding of downtown Boise's infrastructure help boost employment during the early years of the boom. It may have taken a back seat to housing in recent years, but its importance as a source of growth was never challenged. This became especially noticeable in 1994 when housing starts fell drastically. Strong nonresidential activity help keep workers on construction payrolls. After such a long run of increases, it is natural to begin thinking Idaho's construction sector is immune from the traditional cycles. Of course, this is not realistic; the industry remains cyclical. Falling Idaho housing starts will cause construction employment to contract through 2004. Employment is expected to grow again beginning in 2005. Idaho housing starts are forecast to be 12,257 units in 2001, 10,858 units in 2002, 10,097 in 2003, 9,832 units in 2004, and 9,672 in 2005. Idaho construction employment is expected to drop from 37,265 in 2001 to 33,709 in 2005.

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses DRI*WEFA's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the April 2002 to the July 2002 *Idaho Economic Forecast*. The April 2002 Idaho forecast is based on DRI's March 2002 baseline forecast and the July 2002 Idaho forecast is driven by DRI*WEFA's July 2002 baseline U.S. macroeconomic forecast.

The table following summarizes the differences for several key national and Idaho variables between the current and previous forecast. The current comparison deserves close scrutiny because the outlook for the U.S. economy has grown more complicated. Assuming all facets of the economy have improved because the outlook for real GDP has improved is erroneous. True, projected real GDP is stronger than had been forecasted previously. However, as the accompanying table shows, there has been virtually no improvement to real personal income compared to the previous forecast. One of the main reasons for this is employment is expected to perform worse than had been previously predicted. Specifically, U.S. nonfarm employment is lower by 0.6% in 2002, by 0.4% in 2003, by 0.5% in 2004, and by 0.4% in 2005. Higher productivity growth helps explain why real output is stronger while employment is weaker.

The outlook for Idaho's economy is lower than the previous forecast. This change partially reflects unique factors. The table on the facing page shows Idaho nonfarm employment generally grows weaker over time. It also shows the biggest year-to-year drop (0.8%) occurs in 2002. This reflects the first unique factor. Namely, the preliminary estimates by the Idaho Department of Labor for the first quarter of this year suggest the previous forecast was about 5,100 too high. Thus, the starting point for the employment forecast has been lowered, which explains most of the difference between the two forecasts. The noticeable decline in Idaho nominal personal income can be traced to the second unique factor. The U.S. Department of Commerce revised its estimates of Idaho personal income significantly this spring. For example, the estimate for the third quarter of 2001 was lowered by over one half billion dollars. As was the case with the employment data, this lowered the starting point for the Idaho income forecast. Another change that is worth mentioning, but is not found on the facing table, is historical Idaho population numbers for 1991 through 2000 have been increased to reflect revised estimates published by the U.S. Census Bureau.

IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JULY 2002 AND APRIL 2002 FORECASTS

	1999	2000	2001	2002	2003	2004	2005
GDP (BILLIONS)							
Current \$	0	0	3	76	71	99	149
% Difference	0.0%	0.0%	0.0%	0.7%	0.6%	0.8%	1.2%
1996 Chain-Weighted	0	0	1	88	62	54	65
% Difference	0.0%	0.0%	0.0%	0.9%	0.6%	0.5%	0.6%
PERSONAL INCOME - CURR \$							
Idaho (Millions)	-34	68	-391	-609	-838	-892	-874
% Difference	-0.1%	0.2%	-1.2%	-1.8%	-2.3%	-2.3%	-2.2%
U.S. (Billions)	0	0	0	27	25	48	117
% Difference	0.0%	0.0%	0.0%	0.3%	0.3%	0.5%	1.1%
PERSONAL INCOME - 1996 \$							
Idaho (Millions)	-33	64	-359	-599	-864	-968	-1,011
% Difference	-0.1%	0.2%	-1.2%	-2.0%	-2.7%	-3.0%	-3.0%
U.S. (Billions)	0	0	-1	11	-12	-14	23
% Difference	0.0%	0.0%	0.0%	0.1%	-0.1%	-0.2%	0.3%
TOTAL NONFARM EMPLOYMENT							
Idaho	13	20	-1,150	-4,790	-6,049	-7,443	-6,613
% Difference	0.0%	0.0%	-0.2%	-0.8%	-1.0%	-1.3%	-1.1%
U.S. (Thousands)	4	-39	-301	-746	-580	-666	-586
% Difference	0.0%	0.0%	-0.2%	-0.6%	-0.4%	-0.5%	-0.4%
GOODS PRODUCING SECTOR							
Idaho	2	8	-908	-3,068	-4,085	-4,355	-4,543
% Difference	0.0%	0.0%	-0.8%	-2.8%	-3.7%	-3.8%	-3.9%
U.S. (Thousands)	1	-38	-181	-129	10	-121	-128
% Difference	0.0%	-0.1%	-0.7%	-0.5%	0.0%	-0.5%	-0.5%
SERVICE PRODUCING SECTOR							
Idaho	12	12	-243	-1,723	-1,963	-3,088	-2,070
% Difference	0.0%	0.0%	-0.1%	-0.4%	-0.4%	-0.6%	-0.4%
U.S. (Thousands)	2	0	-120	-617	-590	-545	-458
% Difference	0.0%	0.0%	-0.1%	-0.6%	-0.5%	-0.5%	-0.4%
FINANCIAL MARKETS							
Federal Funds Rate	0.0%	0.0%	0.0%	-0.2%	-1.0%	-0.3%	0.5%
Bank Prime Rate	0.0%	0.0%	0.0%	-0.2%	-1.0%	-0.3%	0.5%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	-0.2%	0.1%	0.4%	0.8%
INFLATION							
GDP Price Deflator	0.0	0.0	0.0	-0.2	0.1	0.4	0.7
Personal Cons Deflator	0.0	0.0	0.0	0.2	0.5	0.7	1.0
Consumer Price Index	0.0	0.0	0.0	-0.2	0.2	0.5	0.9

Forecast Begins the FIRST Quarter of 2002

ALTERNATIVE FORECASTS

DRI*WEFA has assigned a 50% probability of occurrence to its July 2002 baseline forecast of the U.S. economy. The major features of this forecast includes:

- Real GDP increases 2.5% in 2002, 3.5% in 2003, 3.7% in 2004, and 3.1% in 2005;
- U.S. nonfarm employment declines 0.7% in 2002, advances 1.7% in 2003, 2.1% in 2004, and 1.6% in 2005;
- the U.S. civilian unemployment rate peaks at 5.9% in 2002 and falls gradually to 5.0% by 2005;
- the consumer confidence index hovers near 93 through the forecast period;
- consumer inflation is 1.7% in 2002 and averages 2.8% thereafter;
- the federal government runs small annual deficits through 2005;
- and the current account balance deficit swells to \$701.2 billion by 2005.

While the baseline forecast is the most probable, other outcomes are also possible. The alternative scenarios considered here diverge in separate directions from the baseline forecast. In the first, the economy performs better than in the baseline. In the second, the economy falls short of the baseline's showing. Each has been assigned a 25% probability of occurrence. Both alternatives and their impacts on the Idaho economy are discussed below.

OPTIMISTIC SCENARIO

This scenario considers the impacts of the huge trade imbalance on the national economy. It has been assigned a 25% probability of occurrence. Coming out of this recession, the U.S. economy remains hamstrung by one glaring imbalance: the current account deficit. In every previous post-war recession, the current account moved into balance as imports dropped and exports remained steady. Because this recession has taken a toll on other countries, U.S. exports have dropped, resulting in a bulging current account deficit that now exceeds 4% of GDP.

In this scenario, the weight of the current account deficit finally takes its toll on the dollar. Over the next year, the dollar drops 15% below its baseline value. This causes stronger GDP growth because imports drop and exports rise. But it also brings higher inflation. The economy expands 4.0% in 2003, which is slightly faster than the baseline's 3.5% growth rate. Real GDP is projected to expand 3.9% in 2004 and 2.9% in 2005. In the *Baseline Scenario* it grows 3.7% in 2004 and 3.1% in 2005.

The stronger U.S. economy does have a favorable impact on Idaho nominal personal income, but this advantage is lost once inflation is taken into account. Specifically, Idaho nominal personal income is about \$290 million higher than its baseline counterpart in 2005. However, Idaho real personal income is about \$50 million lower than in the baseline. Interestingly, Idaho nonfarm employment is virtually the same as in the Baseline Scenario.

IDAHO ECONOMIC FORECAST
CURRENT AND ALTERNATIVE FORECASTS
JULY 2002

	BASELINE					OPTIMISTIC					PESSIMISTIC				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
GDP (BILLIONS)															
Current \$	10,208	10,611	11,252	11,967	12,657	10,208	10,612	11,297	12,082	12,808	10,208	10,559	11,035	11,817	12,528
% Ch	3.4%	4.0%	6.0%	6.4%	5.8%	3.4%	4.0%	6.4%	7.0%	6.0%	3.4%	3.4%	4.5%	7.1%	6.0%
1996 Chain-Weighted	9,334	9,572	9,911	10,273	10,589	9,334	9,578	9,966	10,356	10,659	9,334	9,532	9,729	10,175	10,539
% Ch	1.2%	2.5%	3.5%	3.7%	3.1%	1.2%	2.6%	4.0%	3.9%	2.9%	1.2%	2.1%	2.1%	4.6%	3.6%
PERSONAL INCOME - CURR \$															
Idaho (Millions)	32,044	33,374	35,161	37,244	39,440	32,044	33,372	35,192	37,392	39,731	32,044	33,339	34,652	36,807	38,988
% Ch	3.9%	4.2%	5.4%	5.9%	5.9%	3.9%	4.1%	5.5%	6.3%	6.3%	3.9%	4.0%	3.9%	6.2%	5.9%
U.S. (Billions)	8,723	9,028	9,524	10,105	10,683	8,723	9,029	9,557	10,200	10,823	8,723	9,012	9,370	9,966	10,558
% Ch	4.9%	3.5%	5.5%	6.1%	5.7%	4.9%	3.5%	5.8%	6.7%	6.1%	4.9%	3.3%	4.0%	6.4%	5.9%
PERSONAL INCOME - 1996 \$															
Idaho (Millions)	29,256	30,048	30,848	31,824	32,826	29,256	30,036	30,776	31,737	32,778	29,256	30,019	30,307	31,535	32,605
% Ch	2.0%	2.7%	2.7%	3.2%	3.1%	2.0%	2.7%	2.5%	3.1%	3.3%	2.0%	2.6%	1.0%	4.1%	3.4%
U.S. (Billions)	7,965	8,129	8,356	8,634	8,891	7,965	8,127	8,358	8,657	8,929	7,965	8,115	8,195	8,538	8,829
% Ch	2.9%	2.1%	2.8%	3.3%	3.0%	2.9%	2.0%	2.8%	3.6%	3.1%	2.9%	1.9%	1.0%	4.2%	3.4%
TOTAL NONFARM EMPLOYMENT															
Idaho (Thousands)	567.9	568.2	576.6	587.7	600.5	567.9	568.2	576.6	587.5	600.5	567.9	567.8	570.4	582.3	597.7
% Ch	1.5%	0.0%	1.5%	1.9%	2.2%	1.5%	0.0%	1.5%	1.9%	2.2%	1.5%	0.0%	0.5%	2.1%	2.6%
U.S. (Millions)	131.9	131.0	133.2	136.0	138.2	131.9	131.0	133.6	136.8	139.0	131.9	130.7	131.5	134.7	137.6
% Ch	0.2%	-0.7%	1.7%	2.1%	1.6%	0.2%	-0.7%	2.0%	2.4%	1.6%	0.2%	-0.9%	0.6%	2.4%	2.2%
GOODS PRODUCING SECTOR															
Idaho (Thousands)	114.2	107.8	107.8	109.7	112.1	114.2	107.9	108.4	110.7	113.0	114.2	107.5	106.1	108.7	111.9
% Ch	-1.6%	-5.6%	0.0%	1.8%	2.2%	-1.6%	-5.5%	0.5%	2.1%	2.1%	-1.6%	-5.8%	-1.4%	2.5%	2.9%
U.S. (Millions)	24.9	23.9	24.3	24.7	25.0	24.9	23.9	24.4	25.1	25.5	24.9	23.9	23.8	24.2	24.8
% Ch	-2.8%	-4.1%	1.3%	2.0%	1.3%	-2.8%	-4.0%	1.9%	2.8%	1.5%	-2.8%	-4.3%	-0.5%	1.8%	2.7%
SERVICE PRODUCING SECTOR															
Idaho (Thousands)	453.7	460.4	468.8	477.9	488.4	453.7	460.3	468.2	476.8	487.5	453.7	460.3	464.3	473.5	485.8
% Ch	2.4%	1.5%	1.8%	1.9%	2.2%	2.4%	1.5%	1.7%	1.8%	2.2%	2.4%	1.4%	0.9%	2.0%	2.6%
U.S. (Millions)	107.0	107.0	108.9	111.2	113.1	107.0	107.1	109.2	111.7	113.5	107.0	106.9	107.8	110.5	112.8
% Ch	0.9%	0.1%	1.8%	2.1%	1.7%	0.9%	0.1%	2.0%	2.3%	1.6%	0.9%	-0.1%	0.9%	2.5%	2.1%
SELECTED INTEREST RATES															
Federal Funds	3.9%	1.8%	3.0%	4.7%	5.5%	3.9%	1.8%	3.4%	5.4%	6.3%	3.9%	1.7%	2.3%	4.1%	5.0%
Bank Prime	6.9%	4.8%	6.0%	7.7%	8.5%	6.9%	4.8%	6.4%	8.4%	9.3%	6.9%	4.7%	5.3%	7.1%	8.0%
Existing Home Mortgage	7.0%	7.1%	7.5%	8.0%	8.1%	7.0%	7.1%	7.8%	8.4%	8.6%	7.0%	7.0%	7.3%	7.8%	7.9%
INFLATION															
GDP Price Deflator	2.2%	1.4%	2.4%	2.6%	2.6%	2.2%	1.3%	2.3%	2.9%	3.0%	2.2%	1.3%	2.4%	2.4%	2.4%
Personal Cons Deflator	1.9%	1.4%	2.6%	2.7%	2.7%	1.9%	1.4%	2.9%	3.0%	2.9%	1.9%	1.4%	2.9%	2.1%	2.5%
Consumer Price Index	2.8%	1.7%	2.8%	2.8%	2.8%	2.8%	1.7%	3.1%	3.1%	3.1%	2.8%	1.6%	3.1%	2.3%	2.6%

Forecast Begins the FIRST Quarter of 2002

PESSIMISTIC SCENARIO

In this scenario, the economy slows enough to flirt with another recession. This scenario has been assigned a 25% probability of occurrence. There are two factors that contribute to the second slow down. First, it is assumed the economy simply runs out of steam. The end of inventory liquidation has boosted real GDP growth during the first quarter of 2002. But at the end of its growth leg, it finds no one to hand off the economic baton. In the baseline scenario, improving business conditions are assumed to take up the race. In this scenario, business investment is hobbled by a lack of corporate profits and weak final demand. Businesses also delay hiring, which puts a damper on consumer confidence. The second assumption is the United States crosses the line in the sand and invades Iraq in order to topple Saddam Hussein. As a result, oil prices spike as market anticipate the worst. But this military action affects more than just oil prices. It sends jitters through consumers, businesses, and financial markets. The Federal Reserve lowers its federal funds rate to 1.5% in an attempt to keep the economy afloat.

The situation does not deteriorate into a “double-dip” recession, thanks in large part to increased government spending. Spending is expected to be strong in order to fight the war in the Middle East, beef up domestic security, and ferret out and punish corporate wrong doing. After the first-quarter surge, real GDP growth stumbles along in the 0.6-1.6% range through the winter of 2003. Most of this growth is achieved through productivity gains, causing the unemployment rate to climb to 6.6%. As the global situation calms, confidence builds and both consumers and businesses resume buying. Businesses also increase their payrolls. By mid-2003, with the Middle East quiet and oil prices back down, pent-up demand kicks the economy into strong recovery mode. Real GDP expands 2.1% in 2003, 4.6% in 2004, and 3.6% in 2005.

The U.S. slowdown retards the state’s economic recovery. In the baseline it was assumed that Idaho nonfarm employment growth would accelerate to 1.5% in 2003 after stalling in 2002. In the *Pessimistic Scenario*, Idaho nonfarm employment grows a meager 0.5% next year—just a third of the baseline rate. The blow to the goods-producing sector would be especially harsh. Instead of leveling off in 2003, goods-producing payrolls would shrink 1.4%. Likewise, Idaho real personal income growth would also decelerate next year. Unfortunately, these setbacks will not be offset by stronger growth in 2004 and 2005. In the last year of the forecast, Idaho nonfarm employment is down 2,800 jobs from the baseline and real income is off about \$221 million.

SEARCHING FOR VALUE IN THE U.S. STOCK MARKET

Kevin J. Lansing

The Standard & Poor's (S&P) 500 stock index closed at an all-time high of 1527 on March 24, 2000. Since then, the index has declined by about 28% to 1097 as of May 14, 2002, roughly where it was four years ago. Falling stock prices have been accompanied by even larger percentage declines in corporate earnings. In 2001, the reported (GAAP-based) earnings of S&P 500 companies totaled \$24.69 per share--the lowest earnings figure since 1993 and a whopping 50% drop from 2000 earnings of \$50 per share. The collapse in corporate earnings caused the price-earnings (P/E) ratio of the S&P 500 index to increase sharply to a year-end 2001 value of 46. This figure exceeds the P/E ratio of 28 that prevailed at the market peak in March 2000 and is three times higher than the average P/E ratio of 15.2 going back to 1926.

This *Economic Letter* examines the long-run behavior of the P/E ratio and describes how it might be used to assess the fundamental value of the stock market.

Effect of the rising P/E ratio

According to Ibbotson Associates (2002), the average compound annual return on the S&P 500 (including dividends) was 10.7% from 1926 to 2001. The corresponding return on long-term U.S. government bonds (with a maturity near 20 years) was 5.3%. Hence stocks delivered an annual excess return over bonds of 5.4% during this period.

Ibbotson and Chen (2002) show that the increase in the P/E ratio since 1926 accounts for about one-fourth of the historical excess return on stocks over bonds. This result takes on greater significance when we recognize that the bulk of the net increase in the P/E ratio occurred during the last two decades. Since 1982, there has been a sixfold expansion (from 7.5 to 46) in the "multiple" that investors assign to each dollar of reported earnings. This expansion helped to produce an extraordinary compound annual return on stocks of 15.2% over the period. Given this record, future movements in the P/E ratio (or lack thereof) will likely play an important role in determining how well stocks perform in the coming years.

What accounts for the rising P/E ratio?

Why would investors be willing to pay more for each dollar of corporate earnings than they have in the past? There are several candidate explanations. These include: (1) higher expected future earnings growth, (2) lower perceptions of the risks of holding stocks, and (3) irrational exuberance. Over long periods, corporate earnings growth has tracked the economy's trend growth rate of productivity. Starting around 1995, the U.S. economy saw a pickup in measured productivity growth that is thought by some to represent a permanent structural change. Improved growth prospects associated with the so-called "new economy" have been cited as justification for the unprecedented valuations assigned to stocks in recent years.

Opinions expressed in the Economic Letter do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or of the Board of Governors of the Federal Reserve System.

Diminished risk perceptions can also justify higher valuations. All else equal, investors would be willing to pay more for a claim on future earnings if they thought that the risk of suffering a bad outcome was smaller than in the past. Institutional and regulatory developments during the past century and an improved understanding of the economy on the part of policymakers have been cited as factors contributing to a safer environment for stocks. Campbell and Shiller (2001) mention (but do not necessarily endorse) the idea that baby boomers may be more risk-tolerant than earlier generations because memories of the depressed economic conditions of the 1930s have faded. Moreover, baby boomers may view stocks more favorably than bonds because they recall the poor performance of bonds during the high-inflation decade of the 1970s.

The third possible explanation for the rising P/E ratio, advocated by Shiller (2000), is that investors have irrationally bid up stock prices to levels that bear no relationship to the intrinsic values of the underlying businesses (as measured by the expected discounted value of their future earnings streams). Shiller notes that, throughout history, occurrences of major speculative bubbles have generally coincided with the emergence of some superficially plausible "new era" theory. Even with a pickup in trend productivity growth, investors may have overreacted by heedlessly extrapolating the temporary surge in earnings growth of the late 1990s far into the future. Some recent studies provide support for this idea. Chan, et al. (2001) show that equity analysts' forecasts of long-term earnings growth rates have been consistently too optimistic and have exhibited low predictive power for the actual earnings growth rates subsequently achieved. Sharpe (2002) shows that the dramatic increase in equity analysts' long-term growth forecasts in the latter half of the 1990s may explain as much as one-half of the rise in the P/E ratio during those years.

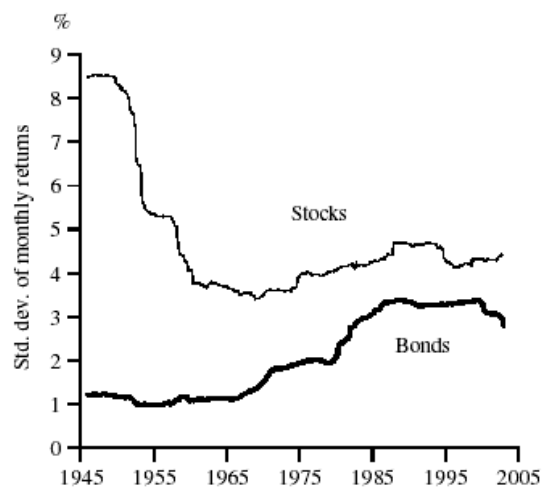
A simple valuation model: stock as a "disguised bond"

To gauge the relative merits of fundamental versus bubble explanations for the rise in the P/E ratio, we must apply a valuation model to the aggregate stock market. One simple valuation model compares the earnings yield on stocks--defined as the inverse of the P/E ratio--to the yield on a long-term bond. The logic behind this comparison is nicely summarized by the following quote from famed investor Warren Buffett who describes a stock as a type of "disguised bond" (Loomis, 2001):

A stock...is a financial instrument that has claim on future distributions made by a given business, whether they are paid out as dividends or to repurchase stock or to settle up after sale or liquidation. These payments are in effect "coupons." The set of owners getting them will change as shareholders come and go. But the financial outcome for the business' owners as a whole will be determined by the size and timing of these coupons. Estimating those particulars is what investment analysis is all about.

Since the "coupon" payments from stocks are typically viewed as more risky than those associated with bonds, one might expect the earnings yield on stocks to exceed the yield on, say, a long-term government bond which is considered safe from default. On the other hand, the

Figure 1
Rolling 20-year volatilities: stocks vs. bonds



Source: Ibbotson Associates (2002).

coupon payments from stocks will tend to grow over time with the earnings of the underlying businesses, whereas the coupon payments from bonds are fixed. If the expected earnings growth from stocks exactly compensated shareholders for the extra risk, then a direct comparison between the earnings yield on stocks and the yield on a long-term government bond could be justified.

Valuation with changing risk perceptions

One drawback of the simple valuation model described above is that it does not allow for changes in investors' perceptions of the risks of holding stocks versus bonds. Asness (2000) develops a valuation model that addresses this issue. In one version, the earnings yield on the S&P 500 is regressed on a constant term and the following three explanatory variables: (1) the yield on a long-term government bond, (2) the volatility of monthly stock returns over the preceding 20 years, and (3) the volatility of monthly bond returns over the preceding 20 years. The long-term bond yield captures expectations of future economic growth as well as expectations of future inflation. The other two variables capture the slowly changing risk perceptions of successive generations of investors, where risk perceptions are based on each generation's volatility experience. According to these volatility measures, stocks have become less risky over time while bonds have become more risky (Figure 1). Asness shows that the inclusion of these volatility measures significantly improves the model's ability to explain movements in the earnings yield and, by extension, the P/E ratio.

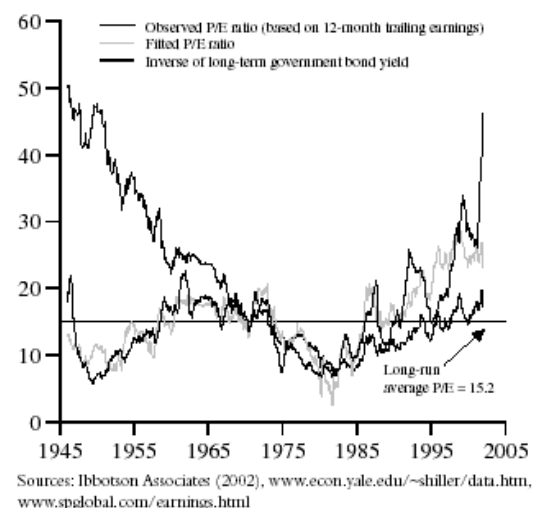
Figure 2 plots a variant of Asness's model where the P/E ratio itself (rather than the earnings yield) is regressed on a constant term and the logarithms of the same three explanatory variables. For comparison, the figure also plots the inverse yield on a long-term government bond. The fitted P/E ratio from the model captures 70% of the variance in the observed P/E ratio over the sample period 1946 to 2001 (monthly data from 1926-1945 are used to compute the initial volatility measures). In contrast, the inverse bond yield alone does a poor job of capturing movements in the observed P/E ratio. These results confirm Asness's finding of a strong empirical link between valuation ratios and the return volatilities experienced by investors.

In Figure 2, the observed P/E ratio lies above the fitted P/E ratio from November 1998 until the end of the data sample in December 2001. One interpretation of this result is that the stock market has been overvalued for the past several years, i.e., the observed value has consistently exceeded the "fundamental value" implied by the long-standing relationship between the P/E ratio, the bond yield, and the volatility measures. Alternatively, one could argue that the market is properly priced but the valuation model is missing some crucial elements.

Predicting the future

Making predictions about the stock market can be a humbling experience. Still, it may be worthwhile to consider the model's predictions for the year-end 2002 level of the S&P 500 index. Given a current 20-year government bond yield of about 5.5% and employing the end-of-sample volatility measures for stocks and bonds, the model predicts a P/E ratio of 24.1. Applying this multiple to the S&P's estimate of \$36.34 for reported earnings in 2002 yields a predicted value of 876 for the index--about 20% below the current

Figure 2
Observed vs. fitted P/E ratio
P/E ratio



level. Different predictions would be obtained if any of the model inputs (for example, the bond yield or the earnings forecast) were to change significantly over the coming year. Also note that the market has deviated from the model's predictions for sustained periods in the past.

Conclusion

Over the long history of the stock market, high P/E ratios have been transitory phenomena. Campbell and Shiller (2001) show that, sooner or later, the P/E ratio has tended to adjust back towards its long-run average. These adjustments have taken place mainly through changes in stock prices (P) rather than through changes in earnings (E). While Campbell and Shiller do not expect a complete return of the P/E ratio to its long-run average, they predict poor returns from stocks in the coming years. The valuation model described here says something similar: we would not expect the P/E ratio to return to its long-run average because the bond yield and the volatility measures are now different from the past. Nevertheless, given the current earnings forecast, the model predicts a downward adjustment in stock prices.

Finally, investors should recognize that the extraordinary returns on stocks recorded over the last 20 years have been driven in large measure by a rising P/E ratio. A believer in efficient markets would not expect the P/E ratio to continue its upward trend because the current market price supposedly already reflects investor risk perceptions and expectations about the future trajectory of earnings. Absent further changes in the P/E ratio, stock prices can rise only as fast as earnings. Since 1926, earnings have grown by an average compound rate of 5.8%. If we add to this figure the current dividend yield on stocks of about 1.2%, we obtain a forecasted total return on stocks of 7% per year--only about one-half the average compound return since 1982.

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IDAHO ECONOMIC FORECAST

JULY 2002

FORECAST DETAIL

Annual Forecast 1986-2005 Page 32

Quarterly Forecast 2000-2005..... Page 46

Reporting Conventions

Units of measurement are presented in the individual reports. If not otherwise indicated, population is in millions; income is in billions; and employment is in thousands.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data are provided by DRI*WEFA and the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data are obtained from the Department of Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

IDAHO ECONOMIC FORECAST

ANNUAL DETAIL

JULY 2002

DEMOGRAPHICS

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
POPULATION										
Idaho (Thousands)	990.5	986.6	988.5	996.7	1,013.1	1,041.2	1,072.1	1,108.6	1,144.9	1,177.0
% Ch	-0.3%	-0.4%	0.2%	0.8%	1.6%	2.8%	3.0%	3.4%	3.3%	2.8%
National (Millions)	240.9	243.1	245.3	247.7	250.3	253.0	255.7	258.4	260.9	263.4
% Ch	0.9%	0.9%	0.9%	1.0%	1.1%	1.1%	1.1%	1.0%	1.0%	0.9%
BIRTHS										
Idaho (Thousands)	16.4235	15.905	15.759	15.863	16.423	16.741	17.197	17.575	17.690	17.915
% Ch	-6.4%	-3.2%	-0.9%	0.7%	3.5%	1.9%	2.7%	2.2%	0.7%	1.3%
National (Thousands)	3,757.0	3,809.0	3,910.0	4,041.0	4,158.0	4,110.0	4,038.0	3,997.0	3,964.0	3,935.0
% Ch	-0.1%	1.4%	2.7%	3.4%	2.9%	-1.2%	-1.8%	-1.0%	-0.8%	-0.7%
DEATHS										
Idaho (Thousands)	7.345	7.307	7.611	7.389	7.358	7.644	7.887	8.277	8.478	8.553
% Ch	3.4%	-0.5%	4.2%	-2.9%	-0.4%	3.9%	3.2%	4.9%	2.4%	0.9%
National (Thousands)	2,105.0	2,123.0	2,168.0	2,150.0	2,162.0	2,163.0	2,210.0	2,237.0	2,264.0	2,291.0
% Ch	0.9%	0.9%	2.1%	-0.8%	0.6%	0.0%	2.2%	1.2%	1.2%	1.2%
NET MIGRATION										
Idaho (Thousands)	-12.389	-12.542	-6.249	-0.251	7.323	19.017	21.659	27.168	27.115	22.652
HOUSING										
HOUSING STARTS										
Idaho	4,164	3,409	3,334	4,674	5,832	6,600	9,584	11,457	12,766	9,363
% Ch	-4.0%	-18.1%	-2.2%	40.2%	24.8%	13.2%	45.2%	19.5%	11.4%	-26.7%
National (Millions)	1.812	1.631	1.488	1.382	1.203	1.009	1.201	1.292	1.446	1.361
% Ch	4.0%	-10.0%	-8.7%	-7.1%	-12.9%	-16.2%	19.1%	7.5%	12.0%	-5.9%
SINGLE UNITS										
Idaho	3,157	2,744	2,981	3,711	4,786	5,662	7,900	8,939	9,420	7,281
% Ch	-1.7%	-13.1%	8.6%	24.5%	29.0%	18.3%	39.5%	13.1%	5.4%	-22.7%
National (Millions)	1.182	1.154	1.083	1.006	0.901	0.835	1.032	1.131	1.191	1.082
% Ch	10.4%	-2.4%	-6.2%	-7.1%	-10.5%	-7.3%	23.6%	9.6%	5.4%	-9.2%
MULTIPLE UNITS										
Idaho	1,007	665	353	963	1,046	938	1,684	2,518	3,346	2,082
% Ch	-10.5%	-33.9%	-47.0%	173.2%	8.6%	-10.3%	79.6%	49.5%	32.9%	-37.8%
National (Millions)	0.630	0.476	0.405	0.376	0.303	0.174	0.170	0.161	0.255	0.279
% Ch	-6.1%	-24.3%	-15.0%	-7.2%	-19.5%	-42.6%	-2.4%	-5.1%	58.3%	9.4%
HOUSING STOCK										
Idaho (Thousands)	322.1	324.8	327.1	330.1	334.8	339.8	347.4	356.9	368.7	377.8
% Ch	1.1%	0.8%	0.7%	0.9%	1.4%	1.5%	2.2%	2.7%	3.3%	2.4%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

IDAHO ECONOMIC FORECAST

ANNUAL DETAIL

JULY 2002

DEMOGRAPHICS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
POPULATION										
Idaho (Thousands)	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1	1,320.6	1,336.9	1,352.2	1,365.7	1,380.6
% Ch	2.2%	2.1%	1.9%	1.9%	1.8%	1.7%	1.2%	1.1%	1.0%	1.1%
National (Millions)	265.8	268.4	270.8	273.2	275.7	278.2	280.7	283.2	285.6	288.1
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS										
Idaho (Thousands)	18.482	18.599	19.188	19.897	20.304	20.683	20.863	21.040	21.211	21.440
% Ch	3.2%	0.6%	3.2%	3.7%	2.0%	1.9%	0.9%	0.8%	0.8%	1.1%
National (Thousands)	3,911.0	3,892.0	3,880.0	3,874.0	3,872.0	3,876.0	3,885.0	3,901.0	3,925.0	3,955.3
% Ch	-0.6%	-0.5%	-0.3%	-0.2%	-0.1%	0.1%	0.2%	0.4%	0.6%	0.8%
DEATHS										
Idaho (Thousands)	8.679	8.953	9.105	9.488	9.538	9.811	9.946	10.076	10.195	10.322
% Ch	1.5%	3.2%	1.7%	4.2%	0.5%	2.9%	1.4%	1.3%	1.2%	1.3%
National (Thousands)	2,318.0	2,345.0	2,372.0	2,399.0	2,424.0	2,446.0	2,467.0	2,487.0	2,507.0	2,528.0
% Ch	1.2%	1.2%	1.2%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%
NET MIGRATION										
Idaho (Thousands)	16.417	15.583	13.836	12.974	12.659	10.617	5.362	4.287	2.524	3.833
HOUSING										
HOUSING STARTS										
Idaho	9,220	8,864	10,114	10,342	11,526	12,257	10,858	10,097	9,832	9,672
% Ch	-1.5%	-3.9%	14.1%	2.3%	11.4%	6.3%	-11.4%	-7.0%	-2.6%	-1.6%
National (Millions)	1.469	1.475	1.621	1.647	1.573	1.603	1.652	1.573	1.588	1.617
% Ch	7.9%	0.4%	9.9%	1.6%	-4.5%	1.9%	3.1%	-4.8%	1.0%	1.8%
SINGLE UNITS										
Idaho	7,850	7,659	9,042	9,193	10,383	10,433	9,553	9,108	9,056	9,006
% Ch	7.8%	-2.4%	18.1%	1.7%	12.9%	0.5%	-8.4%	-4.7%	-0.6%	-0.6%
National (Millions)	1.154	1.136	1.278	1.306	1.232	1.273	1.332	1.278	1.268	1.276
% Ch	6.7%	-1.6%	12.4%	2.2%	-5.7%	3.3%	4.7%	-4.0%	-0.8%	0.6%
MULTIPLE UNITS										
Idaho	1,371	1,205	1,071	1,149	1,143	1,825	1,305	988	775	666
% Ch	-34.1%	-12.1%	-11.1%	7.3%	-0.5%	59.6%	-28.5%	-24.2%	-21.6%	-14.1%
National (Millions)	0.314	0.338	0.344	0.341	0.341	0.330	0.320	0.295	0.321	0.342
% Ch	12.7%	7.6%	1.6%	-0.7%	0.1%	-3.2%	-3.1%	-7.8%	8.7%	6.6%
HOUSING STOCK										
Idaho (Thousands)	386.2	393.7	402.3	411.3	421.1	432.1	442.0	451.0	459.6	467.9
% Ch	2.2%	1.9%	2.2%	2.2%	2.4%	2.6%	2.3%	2.0%	1.9%	1.8%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

IDAHO ECONOMIC FORECAST

ANNUAL DETAIL

JULY 2002

OUTPUT, INCOME, & WAGES

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
GROSS DOM. PRODUCT (Billions)										
Current Dollars	4,453	4,742	5,108	5,489	5,803	5,986	6,319	6,642	7,054	7,401
% Ch	5.7%	6.5%	7.7%	7.5%	5.7%	3.2%	5.6%	5.1%	6.2%	4.9%
1996 Chain-Weighted	5,912	6,113	6,368	6,592	6,708	6,676	6,880	7,063	7,348	7,544
% Ch	3.4%	3.4%	4.2%	3.5%	1.8%	-0.5%	3.1%	2.7%	4.0%	2.7%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	11,851	12,422	13,354	14,721	16,055	16,825	18,382	20,105	21,399	22,869
% Ch	2.4%	4.8%	7.5%	10.2%	9.1%	4.8%	9.3%	9.4%	6.4%	6.9%
Idaho Nonfarm (Millions)	11,377	11,838	12,722	13,863	15,081	16,026	17,581	19,040	20,706	22,073
% Ch	2.3%	4.1%	7.5%	9.0%	8.8%	6.3%	9.7%	8.3%	8.7%	6.6%
National (Billions)	3,712	3,963	4,272	4,600	4,903	5,085	5,390	5,610	5,888	6,201
% Ch	5.6%	6.7%	7.8%	7.7%	6.6%	3.7%	6.0%	4.1%	5.0%	5.3%
PERSONAL INCOME - 1996 \$										
Idaho (Millions)	16,296	16,453	17,022	17,982	18,749	18,923	20,061	21,431	22,357	23,359
% Ch	-0.1%	1.0%	3.5%	5.6%	4.3%	0.9%	6.0%	6.8%	4.3%	4.5%
Idaho Nonfarm (Millions)	15,645	15,680	16,217	16,934	17,610	18,024	19,187	20,296	21,632	22,545
% Ch	-0.1%	0.2%	3.4%	4.4%	4.0%	2.4%	6.5%	5.8%	6.6%	4.2%
National (Billions)	5,105	5,249	5,447	5,619	5,726	5,720	5,883	5,980	6,152	6,334
% Ch	3.1%	2.8%	3.8%	3.2%	1.9%	-0.1%	2.9%	1.7%	2.9%	3.0%
PER CAPITA PERS INC - CURR \$										
Idaho	11,965	12,591	13,510	14,769	15,847	16,159	17,144	18,133	18,688	19,430
% Ch	2.7%	5.2%	7.3%	9.3%	7.3%	2.0%	6.1%	5.8%	3.1%	4.0%
National	15,410	16,301	17,414	18,571	19,588	20,099	21,077	21,709	22,565	23,543
% Ch	4.7%	5.8%	6.8%	6.6%	5.5%	2.6%	4.9%	3.0%	3.9%	4.3%
PER CAPITA PERS INC - 1996 \$										
Idaho	16,453	16,677	17,221	18,041	18,508	18,174	18,710	19,330	19,526	19,846
% Ch	0.3%	1.4%	3.3%	4.8%	2.6%	-1.8%	2.9%	3.3%	1.0%	1.6%
National	21,191	21,592	22,203	22,687	22,876	22,606	23,004	23,142	23,577	24,049
% Ch	2.2%	1.9%	2.8%	2.2%	0.8%	-1.2%	1.8%	0.6%	1.9%	2.0%
AVERAGE ANNUAL WAGE										
Idaho	17,183	17,620	18,337	18,892	19,760	20,556	21,477	21,963	22,723	23,620
% Ch	3.2%	2.5%	4.1%	3.0%	4.6%	4.0%	4.5%	2.3%	3.5%	3.9%
National	21,283	22,267	23,314	24,070	25,178	26,089	27,466	27,872	28,358	29,224
% Ch	3.9%	4.6%	4.7%	3.2%	4.6%	3.6%	5.3%	1.5%	1.7%	3.1%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

IDAHO ECONOMIC FORECAST

ANNUAL DETAIL

JULY 2002

OUTPUT, INCOME, & WAGES

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GROSS DOM. PRODUCT (Billions)										
Current Dollars	7,813	8,318	8,782	9,269	9,873	10,208	10,611	11,252	11,967	12,657
% Ch	5.6%	6.5%	5.6%	5.5%	6.5%	3.4%	4.0%	6.0%	6.4%	5.8%
1996 Chain-Weighted	7,813	8,159	8,509	8,857	9,224	9,334	9,572	9,911	10,273	10,589
% Ch	3.6%	4.4%	4.3%	4.1%	4.1%	1.2%	2.5%	3.5%	3.7%	3.1%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	24,174	25,227	27,066	28,538	30,827	32,044	33,374	35,161	37,244	39,440
% Ch	5.7%	4.4%	7.3%	5.4%	8.0%	3.9%	4.2%	5.4%	5.9%	5.9%
Idaho Nonfarm (Millions)	23,298	24,557	26,149	27,542	29,866	31,011	32,227	34,057	36,117	38,331
% Ch	5.6%	5.4%	6.5%	5.3%	8.4%	3.8%	3.9%	5.7%	6.0%	6.1%
National (Billions)	6,547	6,937	7,426	7,777	8,319	8,723	9,028	9,524	10,105	10,683
% Ch	5.6%	6.0%	7.0%	4.7%	7.0%	4.9%	3.5%	5.5%	6.1%	5.7%
PERSONAL INCOME - 1996 \$										
Idaho (Millions)	24,172	24,745	26,268	27,249	28,669	29,256	30,048	30,848	31,824	32,826
% Ch	3.5%	2.4%	6.2%	3.7%	5.2%	2.0%	2.7%	2.7%	3.2%	3.1%
Idaho Nonfarm (Millions)	23,297	24,088	25,379	26,298	27,775	28,313	29,014	29,879	30,861	31,903
% Ch	3.3%	3.4%	5.4%	3.6%	5.6%	1.9%	2.5%	3.0%	3.3%	3.4%
National (Billions)	6,547	6,805	7,208	7,427	7,737	7,965	8,129	8,356	8,634	8,891
% Ch	3.4%	3.9%	5.9%	3.0%	4.2%	2.9%	2.1%	2.8%	3.3%	3.0%
PER CAPITA PERS INC - CURR \$										
Idaho	20,091	20,535	21,611	22,369	23,728	24,264	24,963	26,003	27,270	28,566
% Ch	3.4%	2.2%	5.2%	3.5%	6.1%	2.3%	2.9%	4.2%	4.9%	4.8%
National	24,630	25,851	27,421	28,462	30,176	31,359	32,165	33,635	35,377	37,082
% Ch	4.6%	5.0%	6.1%	3.8%	6.0%	3.9%	2.6%	4.6%	5.2%	4.8%
PER CAPITA PERS INC - 1996 \$										
Idaho	20,090	20,143	20,975	21,360	22,067	22,153	22,475	22,813	23,302	23,776
% Ch	1.2%	0.3%	4.1%	1.8%	3.3%	0.4%	1.5%	1.5%	2.1%	2.0%
National	24,630	25,358	26,615	27,180	28,065	28,633	28,960	29,509	30,228	30,863
% Ch	2.4%	3.0%	5.0%	2.1%	3.3%	2.0%	1.1%	1.9%	2.4%	2.1%
AVERAGE ANNUAL WAGE										
Idaho	24,110	24,811	25,826	26,963	28,643	28,928	29,704	30,815	32,024	33,280
% Ch	2.1%	2.9%	4.1%	4.4%	6.2%	1.0%	2.7%	3.7%	3.9%	3.9%
National	30,325	31,702	33,316	34,694	36,724	38,644	39,889	41,349	42,972	44,638
% Ch	3.8%	4.5%	5.1%	4.1%	5.8%	5.2%	3.2%	3.7%	3.9%	3.9%

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PERSONAL INCOME -- CURR \$\$

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
WAGE AND SALARY PAYMENTS										
Idaho (Millions)	5,930	6,171	6,704	7,247	7,971	8,533	9,307	9,991	10,916	11,725
% Ch	0.8%	4.1%	8.6%	8.1%	10.0%	7.1%	9.1%	7.3%	9.3%	7.4%
National (Billions)	2,114	2,270	2,453	2,597	2,755	2,824	2,983	3,085	3,237	3,425
% Ch	6.0%	7.4%	8.0%	5.9%	6.1%	2.5%	5.6%	3.4%	4.9%	5.8%
FARM PROPRIETORS INCOME										
Idaho (Millions)	331	443	471	683	771	601	603	839	410	496
% Ch	9.0%	33.9%	6.4%	45.1%	12.8%	-22.1%	0.3%	39.3%	-51.2%	21.1%
National (Billions)	23	29	26	32	31	26	33	30	32	22
% Ch	6.8%	26.1%	-10.2%	23.3%	-3.0%	-15.3%	23.9%	-7.8%	6.0%	-30.5%
NONFARM PROPRIETORS INCOME										
Idaho (Millions)	1,171	1,249	1,368	1,483	1,563	1,515	1,833	2,139	2,342	2,264
% Ch	3.8%	6.7%	9.5%	8.4%	5.4%	-3.1%	21.0%	16.7%	9.5%	-3.3%
National (Billions)	256	275	313	330	350	358	402	432	445	476
% Ch	4.1%	7.5%	13.8%	5.4%	6.1%	2.3%	12.3%	7.5%	3.0%	6.9%
DIVIDENDS, RENT & INTEREST										
Idaho (Millions)	2,393	2,444	2,587	2,912	3,122	3,254	3,367	3,554	3,925	4,377
% Ch	2.3%	2.1%	5.9%	12.5%	7.2%	4.3%	3.5%	5.6%	10.4%	11.5%
National (Billions)	718	758	824	932	987	1,006	999	1,019	1,087	1,164
% Ch	5.1%	5.6%	8.8%	13.1%	5.9%	2.0%	-0.8%	2.1%	6.7%	7.1%
OTHER LABOR INCOME										
Idaho (Millions)	838	888	943	1,029	1,143	1,265	1,415	1,591	1,725	1,714
% Ch	2.5%	6.0%	6.2%	9.1%	11.2%	10.7%	11.8%	12.5%	8.4%	-0.6%
National (Billions)	298	319	336	361	390	416	450	483	507	497
% Ch	5.7%	6.9%	5.4%	7.1%	8.2%	6.6%	8.2%	7.4%	5.1%	-2.1%
GOVT. TRANSFERS TO INDIV.										
Idaho (Millions)	1,522	1,572	1,680	1,812	1,972	2,192	2,442	2,626	2,777	3,012
% Ch	5.7%	3.3%	6.9%	7.9%	8.8%	11.2%	11.4%	7.5%	5.8%	8.5%
National (Billions)	449	469	497	540	594	670	752	799	834	886
% Ch	6.7%	4.4%	6.0%	8.7%	10.0%	12.7%	12.2%	6.2%	4.4%	6.2%
CONTRIB. FOR SOCIAL INSUR.										
Idaho (Millions)	434	454	525	587	641	704	756	817	900	949
% Ch	4.1%	4.5%	15.7%	11.8%	9.2%	9.8%	7.5%	8.0%	10.2%	5.5%
National (Billions)	146	157	177	192	204	215	227	238	254	269
% Ch	8.9%	7.8%	12.8%	8.3%	6.3%	5.6%	5.3%	5.0%	6.8%	5.8%
RESIDENCE ADJUSTMENT										
Idaho (Millions)	101	110	127	142	154	169	173	183	204	230
% Ch	18.4%	8.9%	14.7%	12.3%	8.6%	9.2%	2.8%	5.3%	11.8%	12.9%

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PERSONAL INCOME -- CURR \$\$

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
WAGE AND SALARY PAYMENTS										
Idaho (Millions)	12,316	13,109	13,973	15,043	16,574	17,028	17,482	18,399	19,471	20,656
% Ch	5.0%	6.4%	6.6%	7.7%	10.2%	2.7%	2.7%	5.2%	5.8%	6.1%
National (Billions)	3,627	3,889	4,193	4,472	4,837	5,098	5,224	5,506	5,842	6,167
% Ch	5.9%	7.2%	7.8%	6.7%	8.2%	5.4%	2.5%	5.4%	6.1%	5.6%
FARM PROPRIETORS INCOME										
Idaho (Millions)	585	344	580	664	583	618	761	707	720	693
% Ch	17.9%	-41.1%	68.5%	14.6%	-12.2%	6.0%	23.1%	-7.1%	1.9%	-3.8%
National (Billions)	34	30	26	27	31	28	20	23	24	24
% Ch	54.4%	-13.3%	-13.9%	3.8%	15.1%	-9.8%	-29.1%	16.3%	6.2%	0.9%
NONFARM PROPRIETORS INCOME										
Idaho (Millions)	2,337	2,408	2,602	2,834	3,043	3,225	3,413	3,684	3,868	4,009
% Ch	3.2%	3.0%	8.1%	8.9%	7.4%	6.0%	5.8%	7.9%	5.0%	3.6%
National (Billions)	511	551	598	645	684	716	753	812	851	880
% Ch	7.4%	8.0%	8.5%	7.9%	6.0%	4.6%	5.2%	7.8%	4.8%	3.5%
DIVIDENDS, RENT & INTEREST										
Idaho (Millions)	4,650	5,044	5,470	5,318	5,555	5,675	5,810	6,149	6,592	7,064
% Ch	6.2%	8.5%	8.4%	-2.8%	4.5%	2.2%	2.4%	5.8%	7.2%	7.2%
National (Billions)	1,238	1,327	1,451	1,441	1,521	1,552	1,593	1,671	1,787	1,908
% Ch	6.3%	7.2%	9.4%	-0.7%	5.6%	2.0%	2.6%	4.9%	6.9%	6.8%
OTHER LABOR INCOME										
Idaho (Millions)	1,728	1,681	1,726	1,790	1,913	1,991	2,080	2,202	2,317	2,438
% Ch	0.8%	-2.7%	2.6%	3.8%	6.9%	4.1%	4.5%	5.9%	5.2%	5.2%
National (Billions)	490	475	491	510	534	554	577	609	639	669
% Ch	-1.4%	-3.0%	3.2%	3.9%	4.8%	3.7%	4.2%	5.5%	4.8%	4.7%
GOVT. TRANSFERS TO INDIV.										
Idaho (Millions)	3,285	3,394	3,499	3,702	3,962	4,351	4,732	4,971	5,281	5,643
% Ch	9.1%	3.3%	3.1%	5.8%	7.0%	9.8%	8.8%	5.1%	6.2%	6.9%
National (Billions)	929	962	984	1,020	1,069	1,149	1,242	1,303	1,385	1,480
% Ch	4.8%	3.6%	2.2%	3.6%	4.9%	7.5%	8.1%	4.9%	6.3%	6.8%
CONTRIB. FOR SOCIAL INSUR.										
Idaho (Millions)	987	1,045	1,102	1,186	1,279	1,326	1,362	1,434	1,520	1,612
% Ch	4.0%	5.8%	5.5%	7.6%	7.8%	3.7%	2.7%	5.3%	6.0%	6.1%
National (Billions)	280	298	316	337	358	373	381	400	423	446
% Ch	4.3%	6.2%	6.2%	6.6%	6.1%	4.4%	2.0%	5.1%	5.9%	5.3%
RESIDENCE ADJUSTMENT										
Idaho (Millions)	260	292	321	374	477	483	458	484	515	549
% Ch	12.9%	12.3%	10.0%	16.4%	27.6%	1.2%	-5.2%	5.8%	6.4%	6.6%

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EMPLOYMENT

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
TOTAL NONFARM EMPLOYMENT										
Idaho	328,269	333,455	348,271	366,021	385,337	398,119	416,607	436,727	461,162	477,375
% Ch	-2.3%	1.6%	4.4%	5.1%	5.3%	3.3%	4.6%	4.8%	5.6%	3.5%
National (Thousands)	99,344	101,953	105,202	107,883	109,404	108,255	108,591	110,692	114,135	117,188
% Ch	2.0%	2.6%	3.2%	2.5%	1.4%	-1.1%	0.3%	1.9%	3.1%	2.7%
GOODS PRODUCING SECTOR										
Idaho	69,607	70,343	75,620	80,312	85,479	86,523	90,496	96,083	103,291	103,402
% Ch	-5.4%	1.1%	7.5%	6.2%	6.4%	1.2%	4.6%	6.2%	7.5%	0.1%
National (Thousands)	24,536	24,673	25,123	25,253	24,909	23,749	23,232	23,351	23,906	24,275
% Ch	-1.2%	0.6%	1.8%	0.5%	-1.4%	-4.7%	-2.2%	0.5%	2.4%	1.5%
MANUFACTURING										
Idaho	52,102	54,054	58,136	60,573	62,890	63,220	65,752	69,253	71,888	71,042
% Ch	-4.7%	3.7%	7.6%	4.2%	3.8%	0.5%	4.0%	5.3%	3.8%	-1.2%
National (Thousands)	18,948	18,998	19,315	19,391	19,075	18,405	18,106	18,076	18,323	18,526
% Ch	-1.6%	0.3%	1.7%	0.4%	-1.6%	-3.5%	-1.6%	-0.2%	1.4%	1.1%
DURABLE MANUFACTURING										
Idaho	25,523	26,830	29,559	32,176	34,064	33,145	34,794	37,498	40,636	42,130
% Ch	-4.6%	5.1%	10.2%	8.9%	5.9%	-2.7%	5.0%	7.8%	8.4%	3.7%
National (Thousands)	11,195	11,154	11,363	11,394	11,107	10,568	10,279	10,222	10,448	10,684
% Ch	-2.3%	-0.4%	1.9%	0.3%	-2.5%	-4.9%	-2.7%	-0.6%	2.2%	2.3%
LUMBER & WOOD PRODUCTS										
Idaho	13,240	13,379	13,984	14,747	14,897	13,470	14,004	14,408	15,521	14,795
% Ch	-2.0%	1.1%	4.5%	5.5%	1.0%	-9.6%	4.0%	2.9%	7.7%	-4.7%
National (Thousands)	724	754	768	757	733	675	680	709	754	769
% Ch	1.8%	4.1%	1.8%	-1.4%	-3.1%	-7.9%	0.7%	4.3%	6.3%	2.0%
STONE, CLAY, GLASS, etc.										
Idaho	2,761	2,804	2,878	3,276	3,387	3,291	3,199	3,364	3,853	4,221
% Ch	-0.8%	1.6%	2.7%	13.8%	3.4%	-2.8%	-2.8%	5.2%	14.5%	9.5%
National (Thousands)	1,977	1,954	1,996	2,014	1,975	1,877	1,843	1,856	1,920	1,977
% Ch	-2.2%	-1.2%	2.2%	0.9%	-1.9%	-5.0%	-1.8%	0.7%	3.4%	3.0%
ELEC & NONELEC MACH										
Idaho	7,652	8,422	9,577	11,096	12,596	13,197	14,476	16,271	17,114	18,192
% Ch	-10.3%	10.1%	13.7%	15.9%	13.5%	4.8%	9.7%	12.4%	5.2%	6.3%
National (Thousands)	3,864	3,777	3,853	3,869	3,768	3,591	3,457	3,456	3,560	3,692
% Ch	-4.7%	-2.2%	2.0%	0.4%	-2.6%	-4.7%	-3.7%	0.0%	3.0%	3.7%
OTHER DURABLES										
Idaho	1,870	2,225	3,120	3,057	3,184	3,186	3,115	3,455	4,148	4,922
% Ch	-3.6%	19.0%	40.2%	-2.0%	4.2%	0.1%	-2.2%	10.9%	20.0%	18.7%
National (Thousands)	4,631	4,669	4,747	4,755	4,632	4,426	4,299	4,200	4,214	4,246
% Ch	-0.9%	0.8%	1.7%	0.2%	-2.6%	-4.4%	-2.9%	-2.3%	0.3%	0.7%

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EMPLOYMENT

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL NONFARM EMPLOYMENT										
Idaho	492,569	508,742	521,542	539,128	559,263	567,914	568,168	576,588	587,654	600,502
% Ch	3.2%	3.3%	2.5%	3.4%	3.7%	1.5%	0.0%	1.5%	1.9%	2.2%
National (Thousands)	119,589	122,671	125,851	128,904	131,719	131,925	130,965	133,168	135,961	138,162
% Ch	2.0%	2.6%	2.6%	2.4%	2.2%	0.2%	-0.7%	1.7%	2.1%	1.6%
GOODS PRODUCING SECTOR										
Idaho	106,565	109,911	111,254	113,569	116,068	114,198	107,787	107,776	109,706	112,078
% Ch	3.1%	3.1%	1.2%	2.1%	2.2%	-1.6%	-5.6%	0.0%	1.8%	2.2%
National (Thousands)	24,491	24,958	25,415	25,508	25,675	24,947	23,932	24,252	24,733	25,046
% Ch	0.9%	1.9%	1.8%	0.4%	0.7%	-2.8%	-4.1%	1.3%	2.0%	1.3%
MANUFACTURING										
Idaho	72,904	74,611	76,121	76,130	77,195	74,895	70,686	71,974	74,545	76,614
% Ch	2.6%	2.3%	2.0%	0.0%	1.4%	-3.0%	-5.6%	1.8%	3.6%	2.8%
National (Thousands)	18,494	18,671	18,806	18,555	18,477	17,695	16,814	17,037	17,293	17,492
% Ch	-0.2%	1.0%	0.7%	-1.3%	-0.4%	-4.2%	-5.0%	1.3%	1.5%	1.2%
DURABLE MANUFACTURING										
Idaho	44,066	45,533	47,174	47,141	47,943	45,887	43,228	44,682	46,532	47,951
% Ch	4.6%	3.3%	3.6%	-0.1%	1.7%	-4.3%	-5.8%	3.4%	4.1%	3.1%
National (Thousands)	10,788	11,008	11,205	11,112	11,143	10,636	9,973	10,046	10,169	10,346
% Ch	1.0%	2.0%	1.8%	-0.8%	0.3%	-4.6%	-6.2%	0.7%	1.2%	1.7%
LUMBER & WOOD PRODUCTS										
Idaho	14,444	14,239	13,732	13,402	12,630	11,102	10,800	10,455	10,103	9,598
% Ch	-2.4%	-1.4%	-3.6%	-2.4%	-5.8%	-12.1%	-2.7%	-3.2%	-3.4%	-5.0%
National (Thousands)	778	796	813	835	830	786	771	797	833	855
% Ch	1.1%	2.3%	2.2%	2.6%	-0.5%	-5.3%	-1.9%	3.4%	4.5%	2.7%
STONE, CLAY, GLASS, etc.										
Idaho	4,340	4,415	4,336	4,530	4,485	4,467	4,441	4,300	4,264	4,238
% Ch	2.8%	1.7%	-1.8%	4.5%	-1.0%	-0.4%	-0.6%	-3.2%	-0.8%	-0.6%
National (Thousands)	1,992	2,031	2,071	2,088	2,119	2,053	1,976	2,020	2,064	2,071
% Ch	0.8%	1.9%	2.0%	0.8%	1.5%	-3.1%	-3.8%	2.2%	2.2%	0.4%
ELEC & NONELEC MACH										
Idaho	20,265	21,583	23,309	23,152	24,671	24,470	22,287	23,924	25,807	27,621
% Ch	11.4%	6.5%	8.0%	-0.7%	6.6%	-0.8%	-8.9%	7.3%	7.9%	7.0%
National (Thousands)	3,775	3,857	3,913	3,808	3,848	3,641	3,281	3,173	3,089	3,202
% Ch	2.2%	2.2%	1.5%	-2.7%	1.0%	-5.4%	-9.9%	-3.3%	-2.7%	3.7%
OTHER DURABLES										
Idaho	5,017	5,297	5,797	6,057	6,158	5,849	5,700	6,002	6,357	6,494
% Ch	1.9%	5.6%	9.5%	4.5%	1.7%	-5.0%	-2.6%	5.3%	5.9%	2.1%
National (Thousands)	4,243	4,325	4,408	4,382	4,346	4,155	3,945	4,056	4,184	4,217
% Ch	-0.1%	1.9%	1.9%	-0.6%	-0.8%	-4.4%	-5.1%	2.8%	3.2%	0.8%

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EMPLOYMENT

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MANUFACTURING (continued)										
NONDURABLE MANUFACTURING										
Idaho	26,579	27,224	28,577	28,396	28,825	30,075	30,958	31,754	31,252	28,913
% Ch	-4.7%	2.4%	5.0%	-0.6%	1.5%	4.3%	2.9%	2.6%	-1.6%	-7.5%
National (Thousands)	7,753	7,845	7,952	7,997	7,968	7,837	7,827	7,854	7,875	7,842
% Ch	-0.5%	1.2%	1.4%	0.6%	-0.4%	-1.6%	-0.1%	0.4%	0.3%	-0.4%
FOOD PROCESSING										
Idaho	15,412	16,099	17,334	16,984	16,806	17,488	17,820	18,564	18,020	17,505
% Ch	-7.1%	4.5%	7.7%	-2.0%	-1.0%	4.1%	1.9%	4.2%	-2.9%	-2.9%
National (Thousands)	1,607	1,617	1,626	1,645	1,661	1,667	1,662	1,680	1,679	1,693
% Ch	0.4%	0.6%	0.6%	1.1%	1.0%	0.4%	-0.3%	1.1%	-0.1%	0.8%
CANNED, CURED, & FROZEN										
Idaho	9,867	10,612	11,331	11,225	11,065	11,747	12,094	12,532	11,706	10,865
% Ch	-9.8%	7.5%	6.8%	-0.9%	-1.4%	6.2%	3.0%	3.6%	-6.6%	-7.2%
OTHER FOOD PROCESSING										
Idaho	5,545	5,487	6,003	5,759	5,742	5,741	5,725	6,032	6,314	6,641
% Ch	-1.7%	-1.0%	9.4%	-4.1%	-0.3%	0.0%	-0.3%	5.4%	4.7%	5.2%
PAPER, PRINTING, PUBLISH.										
Idaho	5,946	6,066	6,373	6,592	6,976	7,179	7,172	7,144	7,089	7,118
% Ch	-0.6%	2.0%	5.1%	3.4%	5.8%	2.9%	-0.1%	-0.4%	-0.8%	0.4%
National (Thousands)	2,123	2,177	2,232	2,251	2,266	2,223	2,197	2,209	2,230	2,239
% Ch	1.2%	2.5%	2.5%	0.9%	0.6%	-1.9%	-1.2%	0.5%	0.9%	0.4%
CHEMICALS										
Idaho	3,335	3,273	3,536	3,523	3,554	3,903	4,277	4,250	4,135	2,345
% Ch	-6.6%	-1.9%	8.0%	-0.3%	0.9%	9.8%	9.6%	-0.6%	-2.7%	-43.3%
National (Thousands)	1,021	1,025	1,057	1,074	1,086	1,076	1,084	1,081	1,057	1,038
% Ch	-2.2%	0.4%	3.2%	1.6%	1.1%	-0.9%	0.8%	-0.3%	-2.2%	-1.8%
OTHER NONDURABLES										
Idaho	1,886	1,786	1,335	1,297	1,488	1,505	1,690	1,795	2,008	1,944
% Ch	6.9%	-5.3%	-25.3%	-2.8%	14.8%	1.1%	12.3%	6.2%	11.9%	-3.2%
National (Thousands)	3,002	3,026	3,037	3,027	2,955	2,871	2,883	2,885	2,910	2,872
% Ch	-1.6%	0.8%	0.3%	-0.3%	-2.4%	-2.9%	0.4%	0.1%	0.9%	-1.3%
MINING										
Idaho	2,893	2,568	3,280	3,673	3,873	3,086	2,605	2,199	2,419	2,726
%Ch	-24.9%	-11.2%	27.7%	12.0%	5.4%	-20.3%	-15.6%	-15.6%	10.0%	12.7%
National (Thousands)	777	717	712	691	709	689	634	609	601	581
%Ch	-16.1%	-7.7%	-0.7%	-3.0%	2.6%	-2.8%	-8.0%	-3.9%	-1.5%	-3.3%
METAL MINING										
Idaho	1,919	1,595	2,140	2,612	2,754	1,994	1,453	1,007	1,211	1,593
%Ch	-26.2%	-16.9%	34.2%	22.1%	5.5%	-27.6%	-27.1%	-30.7%	20.2%	31.6%
OTHER MINING										
Idaho	973	973	1,140	1,061	1,119	1,092	1,152	1,192	1,208	1,133
% Ch	-22.3%	0.0%	17.2%	-6.9%	5.4%	-2.4%	5.5%	3.5%	1.4%	-6.2%

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EMPLOYMENT

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
MANUFACTURING (continued)										
NONDURABLE MANUFACTURING										
Idaho	28,838	29,077	28,947	28,989	29,252	29,008	27,458	27,292	28,013	28,663
% Ch	-0.3%	0.8%	-0.4%	0.1%	0.9%	-0.8%	-5.3%	-0.6%	2.6%	2.3%
National (Thousands)	7,706	7,663	7,600	7,443	7,334	7,059	6,841	6,991	7,124	7,147
% Ch	-1.7%	-0.6%	-0.8%	-2.1%	-1.5%	-3.7%	-3.1%	2.2%	1.9%	0.3%
FOOD PROCESSING										
Idaho	17,465	17,659	17,288	17,291	17,252	17,341	16,923	16,663	16,836	16,961
% Ch	-0.2%	1.1%	-2.1%	0.0%	-0.2%	0.5%	-2.4%	-1.5%	1.0%	0.7%
National (Thousands)	1,692	1,684	1,684	1,683	1,688	1,690	1,694	1,734	1,764	1,774
% Ch	0.0%	-0.4%	0.0%	-0.1%	0.3%	0.2%	0.2%	2.4%	1.8%	0.5%
CANNED, CURED, & FROZEN										
Idaho	10,680	10,551	9,994	9,957	9,768	9,567	9,127	8,785	8,886	8,997
% Ch	-1.7%	-1.2%	-5.3%	-0.4%	-1.9%	-2.1%	-4.6%	-3.7%	1.2%	1.2%
OTHER FOOD PROCESSING										
Idaho	6,785	7,108	7,294	7,335	7,484	7,775	7,796	7,879	7,949	7,964
% Ch	2.2%	4.8%	2.6%	0.6%	2.0%	3.9%	0.3%	1.1%	0.9%	0.2%
PAPER, PRINTING, PUBLISH.										
Idaho	7,192	7,216	7,441	7,393	7,637	7,347	6,676	6,774	7,233	7,658
% Ch	1.0%	0.3%	3.1%	-0.6%	3.3%	-3.8%	-9.1%	1.5%	6.8%	5.9%
National (Thousands)	2,224	2,235	2,242	2,220	2,204	2,125	2,029	2,097	2,192	2,247
% Ch	-0.6%	0.5%	0.3%	-1.0%	-0.7%	-3.6%	-4.5%	3.3%	4.5%	2.5%
CHEMICALS										
Idaho	2,333	2,285	2,358	2,301	2,332	2,324	1,895	1,803	1,796	1,795
% Ch	-0.5%	-2.1%	3.2%	-2.4%	1.4%	-0.4%	-18.4%	-4.8%	-0.4%	-0.1%
National (Thousands)	1,034	1,036	1,043	1,035	1,034	1,022	1,004	1,000	994	972
% Ch	-0.4%	0.2%	0.7%	-0.7%	-0.1%	-1.2%	-1.8%	-0.4%	-0.6%	-2.2%
OTHER NONDURABLES										
Idaho	1,848	1,917	1,860	2,004	2,032	1,996	1,963	2,051	2,148	2,248
% Ch	-4.9%	3.8%	-3.0%	7.7%	1.4%	-1.8%	-1.6%	4.5%	4.8%	4.7%
National (Thousands)	2,756	2,708	2,631	2,504	2,408	2,222	2,115	2,160	2,174	2,154
% Ch	-4.0%	-1.8%	-2.8%	-4.8%	-3.8%	-7.7%	-4.8%	2.2%	0.6%	-0.9%
MINING										
Idaho	3,063	3,098	2,903	2,582	2,425	2,038	1,749	1,813	1,893	1,755
%Ch	12.4%	1.2%	-6.3%	-11.1%	-6.1%	-15.9%	-14.2%	3.7%	4.4%	-7.3%
National (Thousands)	580	597	590	539	543	565	568	596	583	565
%Ch	-0.2%	3.0%	-1.1%	-8.7%	0.7%	4.0%	0.7%	4.9%	-2.1%	-3.1%
METAL MINING										
Idaho	1,848	1,843	1,693	1,427	1,223	824	528	561	599	511
%Ch	16.0%	-0.3%	-8.1%	-15.7%	-14.3%	-32.6%	-36.0%	6.3%	6.7%	-14.7%
OTHER MINING										
Idaho	1,214	1,255	1,210	1,155	1,202	1,214	1,221	1,252	1,295	1,244
% Ch	7.2%	3.4%	-3.6%	-4.6%	4.0%	1.0%	0.6%	2.5%	3.4%	-3.9%

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EMPLOYMENT

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
GOODS PRODUCING (continued)										
CONSTRUCTION										
Idaho	14,612	13,721	14,205	16,067	18,716	20,216	22,139	24,631	28,984	29,634
% Ch	-3.0%	-6.1%	3.5%	13.1%	16.5%	8.0%	9.5%	11.3%	17.7%	2.2%
National (Thousands)	4,810	4,958	5,096	5,171	5,125	4,655	4,492	4,665	4,982	5,168
% Ch	3.1%	3.1%	2.8%	1.5%	-0.9%	-9.2%	-3.5%	3.9%	6.8%	3.7%
SERVICE PRODUCING SECTOR										
Idaho	258,663	263,112	272,651	285,708	299,858	311,597	326,111	340,644	357,871	373,972
% Ch	-1.4%	1.7%	3.6%	4.8%	5.0%	3.9%	4.7%	4.5%	5.1%	4.5%
National (Thousands)	74,809	77,280	80,079	82,630	84,495	84,506	85,359	87,341	90,229	92,913
% Ch	3.1%	3.3%	3.6%	3.2%	2.3%	0.0%	1.0%	2.3%	3.3%	3.0%
FINANCE, INSUR, REAL ESTATE										
Idaho	18,883	19,129	19,270	19,289	19,837	20,628	21,459	22,757	24,102	24,967
% Ch	-20.2%	1.3%	0.7%	0.1%	2.8%	4.0%	4.0%	6.0%	5.9%	3.6%
National (Thousands)	6,272	6,533	6,629	6,669	6,709	6,647	6,602	6,757	6,895	6,808
% Ch	5.4%	4.2%	1.5%	0.6%	0.6%	-0.9%	-0.7%	2.3%	2.0%	-1.3%
TRANS, COMMUN, PUBLIC UTIL										
Idaho	18,282	17,920	18,487	19,257	19,788	20,031	20,342	20,879	21,876	22,704
% Ch	-5.2%	-2.0%	3.2%	4.2%	2.8%	1.2%	1.6%	2.6%	4.8%	3.8%
National (Thousands)	5,247	5,362	5,512	5,614	5,776	5,755	5,718	5,811	5,985	6,134
% Ch	0.3%	2.2%	2.8%	1.9%	2.9%	-0.4%	-0.6%	1.6%	3.0%	2.5%
TRADE										
Idaho	83,885	84,896	87,345	93,126	97,087	100,981	105,893	109,374	116,691	121,402
% Ch	-0.3%	1.2%	2.9%	6.6%	4.3%	4.0%	4.9%	3.3%	6.7%	4.0%
National (Thousands)	23,641	24,269	25,055	25,664	25,774	25,363	25,352	25,753	26,664	27,564
% Ch	2.6%	2.7%	3.2%	2.4%	0.4%	-1.6%	0.0%	1.6%	3.5%	3.4%
SERVICES										
Idaho	66,655	67,956	71,913	76,161	81,750	85,622	90,396	97,221	102,832	110,105
% Ch	2.5%	2.0%	5.8%	5.9%	7.3%	4.7%	5.6%	7.6%	5.8%	7.1%
National (Thousands)	22,957	24,109	25,500	26,904	27,930	28,335	29,047	30,193	31,575	33,115
% Ch	4.7%	5.0%	5.8%	5.5%	3.8%	1.5%	2.5%	3.9%	4.6%	4.9%
STATE & LOCAL GOVERNMENT										
Idaho	59,135	61,123	63,159	65,185	68,339	71,423	74,561	76,831	78,874	81,682
% Ch	1.3%	3.4%	3.3%	3.2%	4.8%	4.5%	4.4%	3.0%	2.7%	3.6%
National (Thousands)	13,792	14,065	14,411	14,791	15,220	15,439	15,672	15,913	16,241	16,472
% Ch	2.0%	2.0%	2.5%	2.6%	2.9%	1.4%	1.5%	1.5%	2.1%	1.4%
Idaho Education	32,844	33,423	34,575	35,604	37,268	38,840	40,453	42,014	42,721	44,846
% Ch	1.6%	1.8%	3.4%	3.0%	4.7%	4.2%	4.2%	3.9%	1.7%	5.0%
Idaho Other	26,290	27,701	28,583	29,581	31,071	32,583	34,108	34,817	36,153	36,835
% Ch	0.9%	5.4%	3.2%	3.5%	5.0%	4.9%	4.7%	2.1%	3.8%	1.9%
FEDERAL GOVERNMENT										
Idaho	11,823	12,088	12,477	12,692	13,057	12,911	13,460	13,583	13,496	13,112
% Ch	0.3%	2.2%	3.2%	1.7%	2.9%	-1.1%	4.3%	0.9%	-0.6%	-2.8%
National (Thousands)	2,899	2,943	2,972	2,989	3,086	2,967	2,968	2,914	2,870	2,821
% Ch	0.8%	1.5%	1.0%	0.6%	3.3%	-3.9%	0.0%	-1.8%	-1.5%	-1.7%

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EMPLOYMENT

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GOODS PRODUCING (continued)										
CONSTRUCTION										
Idaho	30,599	32,202	32,230	34,857	36,448	37,265	35,352	33,989	33,268	33,709
% Ch	3.3%	5.2%	0.1%	8.2%	4.6%	2.2%	-5.1%	-3.9%	-2.1%	1.3%
National (Thousands)	5,418	5,691	6,019	6,415	6,655	6,688	6,549	6,620	6,857	6,989
% Ch	4.8%	5.0%	5.8%	6.6%	3.7%	0.5%	-2.1%	1.1%	3.6%	1.9%
SERVICE PRODUCING SECTOR										
Idaho	386,004	398,832	410,288	425,559	443,195	453,716	460,381	468,812	477,948	488,424
% Ch	3.2%	3.3%	2.9%	3.7%	4.1%	2.4%	1.5%	1.8%	1.9%	2.2%
National (Thousands)	95,098	97,713	100,437	103,396	106,044	106,978	107,033	108,916	111,229	113,116
% Ch	2.4%	2.7%	2.8%	2.9%	2.6%	0.9%	0.1%	1.8%	2.1%	1.7%
FINANCE, INSUR, REAL ESTATE										
Idaho	25,175	25,396	22,934	23,569	23,505	24,088	24,770	24,940	25,140	25,397
% Ch	0.8%	0.9%	-9.7%	2.8%	-0.3%	2.5%	2.8%	0.7%	0.8%	1.0%
National (Thousands)	6,912	7,108	7,388	7,555	7,578	7,713	7,727	7,787	7,973	8,095
% Ch	1.5%	2.8%	3.9%	2.3%	0.3%	1.8%	0.2%	0.8%	2.4%	1.5%
TRANS, COMMUN, PUBLIC UTIL										
Idaho	23,405	24,247	25,497	26,897	27,945	28,137	28,189	28,607	28,969	29,307
% Ch	3.1%	3.6%	5.2%	5.5%	3.9%	0.7%	0.2%	1.5%	1.3%	1.2%
National (Thousands)	6,254	6,407	6,609	6,834	7,032	7,067	6,846	7,087	7,353	7,528
% Ch	2.0%	2.4%	3.2%	3.4%	2.9%	0.5%	-3.1%	3.5%	3.8%	2.4%
TRADE										
Idaho	125,179	128,994	132,592	136,239	141,079	140,974	141,465	145,033	148,853	153,136
% Ch	3.1%	3.0%	2.8%	2.8%	3.6%	-0.1%	0.3%	2.5%	2.6%	2.9%
National (Thousands)	28,076	28,617	29,100	29,760	30,279	30,294	29,998	30,094	30,418	30,732
% Ch	1.9%	1.9%	1.7%	2.3%	1.7%	0.0%	-1.0%	0.3%	1.1%	1.0%
SERVICES										
Idaho	115,975	122,621	128,745	135,737	144,996	150,343	153,720	158,060	162,733	168,018
% Ch	5.3%	5.7%	5.0%	5.4%	6.8%	3.7%	2.2%	2.8%	3.0%	3.2%
National (Thousands)	34,455	36,037	37,529	39,051	40,459	40,977	41,258	42,519	43,831	45,012
% Ch	4.0%	4.6%	4.1%	4.1%	3.6%	1.3%	0.7%	3.1%	3.1%	2.7%
STATE & LOCAL GOVERNMENT										
Idaho	83,373	84,534	87,712	90,273	92,241	96,892	98,472	98,280	98,432	98,831
% Ch	2.1%	1.4%	3.8%	2.9%	2.2%	5.0%	1.6%	-0.2%	0.2%	0.4%
National (Thousands)	16,647	16,846	17,125	17,529	17,916	18,309	18,581	18,745	18,951	19,039
% Ch	1.1%	1.2%	1.7%	2.4%	2.2%	2.2%	1.5%	0.9%	1.1%	0.5%
Idaho Education	45,840	46,015	47,876	49,384	50,594	51,656	52,426	52,550	52,669	52,959
% Ch	2.2%	0.4%	4.0%	3.2%	2.4%	2.1%	1.5%	0.2%	0.2%	0.6%
Idaho Other	37,533	38,519	39,837	40,889	41,647	45,236	46,046	45,730	45,763	45,872
% Ch	1.9%	2.6%	3.4%	2.6%	1.9%	8.6%	1.8%	-0.7%	0.1%	0.2%
FEDERAL GOVERNMENT										
Idaho	12,897	13,041	12,808	12,843	13,430	13,282	13,766	13,892	13,822	13,735
% Ch	-1.6%	1.1%	-1.8%	0.3%	4.6%	-1.1%	3.6%	0.9%	-0.5%	-0.6%
National (Thousands)	2,755	2,698	2,685	2,667	2,780	2,618	2,624	2,684	2,703	2,710
% Ch	-2.3%	-2.0%	-0.5%	-0.7%	4.2%	-5.8%	0.2%	2.3%	0.7%	0.3%

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MISCELLANEOUS

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
FEDERAL TRANSFERS TO STATE & LOCAL GOVERNMENTS										
Idaho (Millions)	448.0	423.0	456.2	524.2	553.0	590.9	667.9	723.9	766.2	835.6
% Ch	7.1%	-5.6%	7.8%	14.9%	5.5%	6.8%	13.0%	8.4%	5.8%	9.1%
National (Billions)	87.6	83.9	91.6	98.3	111.4	131.6	149.1	162.6	174.5	184.5
% Ch	8.4%	-4.3%	9.2%	7.3%	13.3%	18.1%	13.3%	9.1%	7.3%	5.7%
SELECTED CHAIN-WEIGHTED DEFL.										
Gross Domestic Product	75.3	77.6	80.2	83.3	86.5	89.7	91.8	94.1	96.0	98.1
% Ch	2.2%	3.0%	3.4%	3.8%	3.9%	3.6%	2.4%	2.4%	2.1%	2.2%
Consumption Expenditures	72.7	75.5	78.4	81.9	85.6	88.9	91.6	93.8	95.7	97.9
% Ch	2.4%	3.8%	3.9%	4.4%	4.6%	3.8%	3.1%	2.4%	2.0%	2.3%
Durable Goods	89.7	92.2	93.5	95.1	96.0	97.4	98.3	99.1	100.6	101.1
% Ch	1.2%	2.8%	1.4%	1.8%	0.9%	1.4%	0.9%	0.8%	1.5%	0.5%
Nondurable Goods	77.0	79.7	82.3	86.3	91.0	93.8	95.2	96.1	96.8	97.9
% Ch	-0.4%	3.4%	3.4%	4.8%	5.5%	3.1%	1.5%	1.0%	0.7%	1.1%
Services	67.3	70.2	73.6	77.1	80.9	84.8	88.5	91.6	94.2	97.3
% Ch	4.6%	4.3%	4.9%	4.8%	5.0%	4.8%	4.3%	3.5%	2.8%	3.3%
Cons. Price Index (1982-84)	109.7	113.6	118.3	123.9	130.7	136.2	140.3	144.5	148.2	152.4
% Ch	1.9%	3.6%	4.1%	4.8%	5.4%	4.2%	3.0%	3.0%	2.6%	2.8%
SELECTED INTEREST RATES										
Federal Funds	6.8%	6.7%	7.6%	9.2%	8.1%	5.7%	3.5%	3.0%	4.2%	5.8%
Prime	8.3%	8.2%	9.3%	10.9%	10.0%	8.5%	6.3%	6.0%	7.1%	8.8%
Existing Home Mortgage	10.3%	9.3%	9.3%	10.1%	10.0%	9.3%	8.1%	7.2%	7.5%	7.8%
U.S. Govt. 3-Month Bills	6.0%	5.8%	6.7%	8.1%	7.5%	5.4%	3.4%	3.0%	4.2%	5.5%
SELECTED US PRODUCTION INDICES										
Lumber & Wood Products	90.3	95.0	95.2	94.4	92.0	85.6	90.6	91.3	95.9	97.7
% Ch	8.3%	5.3%	0.2%	-0.8%	-2.6%	-6.9%	5.8%	0.8%	5.1%	1.9%
Office & Computer Equip.	17.2	20.0	24.0	26.7	26.2	26.5	32.1	39.8	50.0	69.7
% Ch	6.7%	15.9%	19.9%	11.2%	-1.9%	1.1%	21.4%	23.8%	25.8%	39.3%
Electrical Machinery	34.4	36.7	40.0	41.6	42.5	43.4	48.5	53.2	63.6	80.2
% Ch	3.7%	6.6%	9.1%	3.9%	2.3%	2.1%	11.6%	9.8%	19.6%	26.0%
Electronic Components	12.6	14.8	16.7	18.6	20.5	23.0	28.5	32.7	43.3	67.4
% Ch	7.3%	17.4%	12.7%	11.5%	10.4%	12.2%	23.7%	14.7%	32.5%	55.4%
Food	86.5	88.8	90.1	91.0	92.1	93.4	94.9	96.8	98.3	100.3
% Ch	2.6%	2.6%	1.4%	1.1%	1.2%	1.4%	1.6%	2.0%	1.6%	2.0%
Paper	82.7	85.1	87.8	89.3	89.9	90.6	93.6	96.8	100.2	100.8
% Ch	5.3%	3.0%	3.1%	1.7%	0.6%	0.8%	3.3%	3.4%	3.5%	0.6%
Agricultural Chemicals	73.0	82.6	87.9	95.0	98.1	95.4	97.7	98.5	98.2	98.0
% Ch	-7.4%	13.1%	6.4%	8.1%	3.3%	-2.8%	2.5%	0.8%	-0.3%	-0.2%
Metals & Minerals Mining	70.1	73.3	80.3	85.1	89.2	86.2	90.5	91.3	95.1	98.0
% Ch	1.0%	4.5%	9.5%	6.0%	4.8%	-3.3%	5.0%	0.8%	4.2%	3.0%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

IDAHO ECONOMIC FORECAST

ANNUAL DETAIL

JULY 2002

MISCELLANEOUS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
FEDERAL TRANSFERS TO STATE & LOCAL GOVERNMENTS										
Idaho (Millions)	910.5	907.1	951.3	1,062.6	1,136.9	1,268.6	1,391.3	1,524.8	1,638.9	1,742.4
% Ch	9.0%	-0.4%	4.9%	11.7%	7.0%	11.6%	9.7%	9.6%	7.5%	6.3%
National (Billions)	190.4	196.8	210.3	230.5	245.6	274.2	301.4	331.2	356.9	379.7
% Ch	3.2%	3.3%	6.8%	9.6%	6.6%	11.6%	9.9%	9.9%	7.8%	6.4%
SELECTED CHAIN-WEIGHTED DEFL.										
Gross Domestic Product	100.0	101.9	103.2	104.7	107.0	109.4	110.9	113.5	116.5	119.5
% Ch	1.9%	1.9%	1.2%	1.4%	2.3%	2.2%	1.4%	2.4%	2.6%	2.6%
Consumption Expenditures	100.0	101.9	103.0	104.7	107.5	109.5	111.1	114.0	117.0	120.1
% Ch	2.1%	1.9%	1.1%	1.6%	2.7%	1.9%	1.4%	2.6%	2.7%	2.7%
Durable Goods	100.0	97.7	95.4	93.0	91.5	89.8	87.8	88.6	89.3	89.7
% Ch	-1.0%	-2.3%	-2.4%	-2.5%	-1.6%	-1.8%	-2.3%	1.0%	0.7%	0.4%
Nondurable Goods	100.0	101.3	101.3	103.7	107.6	109.1	109.7	111.8	114.0	116.4
% Ch	2.1%	1.3%	0.0%	2.3%	3.7%	1.5%	0.5%	1.9%	2.0%	2.1%
Services	100.0	103.1	105.5	107.8	111.1	114.3	117.3	121.1	125.2	129.4
% Ch	2.8%	3.1%	2.3%	2.2%	3.1%	2.8%	2.6%	3.3%	3.4%	3.4%
Cons. Price Index (1982-84)	156.9	160.5	163.0	166.6	172.2	177.1	180.0	185.1	190.3	195.7
% Ch	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%	1.7%	2.8%	2.8%	2.8%
SELECTED INTEREST RATES										
Federal Funds	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%	1.8%	3.0%	4.7%	5.5%
Prime	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.8%	6.0%	7.7%	8.5%
Existing Home Mortgage	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%	7.1%	7.5%	8.0%	8.1%
U.S. Govt. 3-Month Bills	5.0%	5.1%	4.8%	4.6%	5.8%	3.4%	1.8%	2.8%	4.3%	5.1%
SELECTED US PRODUCTION INDICES										
Lumber & Wood Products	100.0	102.4	106.3	110.5	107.6	102.3	102.7	105.5	108.0	109.6
% Ch	2.3%	2.4%	3.8%	3.9%	-2.7%	-4.9%	0.4%	2.8%	2.4%	1.4%
Office & Computer Equip.	100.0	140.8	192.2	258.5	343.8	351.7	405.7	522.7	633.7	741.4
% Ch	43.5%	40.8%	36.5%	34.5%	33.0%	2.3%	15.4%	28.8%	21.2%	17.0%
Electrical Machinery	100.0	129.3	162.1	199.4	260.1	245.3	256.5	314.9	379.6	440.4
% Ch	24.6%	29.3%	25.4%	23.0%	30.5%	-5.7%	4.5%	22.8%	20.5%	16.0%
Electronic Components	100.0	151.7	227.5	327.1	502.6	480.3	561.0	737.0	919.5	1,094.7
% Ch	48.4%	51.7%	49.9%	43.8%	53.6%	-4.4%	16.8%	31.4%	24.8%	19.0%
Food	100.0	101.7	105.0	106.3	108.0	107.2	109.3	111.3	113.2	114.6
% Ch	-0.3%	1.7%	3.2%	1.2%	1.6%	-0.7%	2.0%	1.8%	1.7%	1.2%
Paper	100.0	105.1	106.6	107.6	106.7	101.2	99.1	103.2	107.5	110.2
% Ch	-0.8%	5.1%	1.4%	1.0%	-0.8%	-5.1%	-2.1%	4.2%	4.1%	2.5%
Agricultural Chemicals	100.0	104.3	107.4	102.4	95.5	90.7	87.1	87.9	90.3	92.5
% Ch	2.1%	4.3%	3.0%	-4.7%	-6.7%	-5.0%	-4.0%	1.0%	2.7%	2.4%
Metals & Minerals Mining	100.0	104.4	105.9	105.4	106.0	104.0	102.7	108.0	112.8	117.1
% Ch	2.1%	4.4%	1.5%	-0.5%	0.6%	-1.9%	-1.3%	5.2%	4.5%	3.8%

National Variables Forecast by DRI*WEFA
Forecast Begins the FIRST Quarter of 2002

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

DEMOGRAPHICS

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,290.5	1,296.4	1,302.1	1,307.6	1,313.3	1,318.5	1,323.0	1,327.8	1,331.6	1,334.8	1,338.8	1,342.4
% Ch	1.9%	1.8%	1.8%	1.7%	1.7%	1.6%	1.4%	1.5%	1.2%	1.0%	1.2%	1.1%
National (Millions)	274.8	275.4	276.0	276.6	277.2	277.9	278.5	279.1	279.7	280.4	281.0	281.6
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	20.083	20.239	20.374	20.521	20.568	20.657	20.718	20.790	20.827	20.838	20.880	20.907
% Ch	-0.9%	3.1%	2.7%	2.9%	0.9%	1.7%	1.2%	1.4%	0.7%	0.2%	0.8%	0.5%
National (Thousands)	3,872	3,872	3,872	3,873	3,874	3,875	3,877	3,879	3,881	3,883	3,886	3,890
% Ch	-0.1%	-0.1%	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%
DEATHS												
Idaho (Thousands)	9.448	9.509	9.567	9.627	9.752	9.793	9.829	9.868	9.900	9.929	9.962	9.993
% Ch	-6.7%	2.6%	2.5%	2.5%	5.3%	1.7%	1.5%	1.6%	1.3%	1.2%	1.4%	1.3%
National (Thousands)	2,415	2,421	2,427	2,433	2,438	2,443	2,449	2,454	2,459	2,465	2,470	2,475
% Ch	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%
NET MIGRATION												
Idaho (Thousands)	13.089	12.665	11.975	11.229	11.890	10.054	6.989	8.243	4.467	1.884	5.057	3.483
HOUSING												
HOUSING STARTS												
Idaho	11,349	11,443	11,812	11,502	13,045	13,031	11,532	11,422	11,206	11,038	10,695	10,493
% Ch	35.3%	3.3%	13.5%	-10.1%	65.5%	-0.4%	-38.7%	-3.8%	-7.3%	-5.9%	-11.9%	-7.3%
National (Millions)	1.659	1.587	1.504	1.544	1.611	1.624	1.603	1.573	1.725	1.643	1.621	1.618
% Ch	1.1%	-16.3%	-19.3%	11.2%	18.6%	3.3%	-5.2%	-7.3%	44.9%	-17.9%	-5.1%	-0.9%
SINGLE UNITS												
Idaho	10,300	10,017	10,648	10,568	10,610	10,995	10,154	9,972	9,807	9,677	9,416	9,314
% Ch	59.8%	-10.5%	27.7%	-3.0%	1.6%	15.3%	-27.2%	-7.0%	-6.5%	-5.2%	-10.3%	-4.3%
National (Millions)	1.279	1.236	1.189	1.224	1.263	1.292	1.277	1.258	1.371	1.326	1.314	1.317
% Ch	-15.9%	-12.8%	-14.2%	12.3%	13.4%	9.4%	-4.6%	-5.9%	41.4%	-12.7%	-3.6%	0.9%
MULTIPLE UNITS												
Idaho	1,049	1,426	1,164	933	2,435	2,037	1,377	1,449	1,399	1,361	1,278	1,180
% Ch	-64.8%	240.9%	-55.6%	-58.6%	4532.9%	-51.1%	-79.1%	22.7%	-13.2%	-10.4%	-22.2%	-27.4%
National (Millions)	0.380	0.351	0.314	0.320	0.348	0.332	0.326	0.315	0.354	0.317	0.308	0.301
% Ch	101.2%	-27.5%	-35.7%	7.0%	40.5%	-16.8%	-7.8%	-12.5%	59.5%	-35.8%	-11.1%	-8.3%
HOUSING STOCK												
Idaho (Thousands)	417.3	419.8	422.5	425.0	428.0	430.9	433.5	436.0	438.5	440.9	443.2	445.5
% Ch	2.5%	2.5%	2.5%	2.4%	2.8%	2.8%	2.4%	2.4%	2.3%	2.2%	2.1%	2.1%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

DEMOGRAPHICS

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION	1,346.5	1,350.7	1,354.1	1,357.3	1,360.6	1,363.9	1,367.4	1,370.9	1,374.7	1,378.6	1,382.7	1,386.6
Idaho (Thousands)	1.2%	1.2%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.2%	1.2%	1.1%
% Ch	282.2	282.9	283.5	284.1	284.7	285.3	285.9	286.6	287.2	287.8	288.4	289.0
National (Millions)	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%
% Ch												
BIRTHS	20.963	21.022	21.069	21.106	21.144	21.187	21.232	21.283	21.341	21.406	21.475	21.540
Idaho (Thousands)	1.1%	1.1%	0.9%	0.7%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%	1.2%
% Ch	3,894	3,898	3,903	3,909	3,915	3,921	3,928	3,935	3,943	3,951	3,959	3,968
National (Thousands)	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%
% Ch												
DEATHS	10.027	10.062	10.092	10.121	10.150	10.179	10.209	10.240	10.272	10.305	10.339	10.372
Idaho (Thousands)	1.4%	1.4%	1.2%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%
% Ch	2,480	2,485	2,490	2,495	2,499	2,504	2,510	2,515	2,520	2,525	2,531	2,536
National (Thousands)	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%
% Ch												
NET MIGRATION	5.443	5.690	2.918	1.850	1.904	2.458	2.691	3.238	3.936	4.667	5.068	4.589
Idaho (Thousands)												
HOUSING												
HOUSING STARTS	10,272	10,118	10,067	9,930	9,878	9,860	9,826	9,763	9,633	9,609	9,673	9,774
Idaho	-8.2%	-5.9%	-2.0%	-5.3%	-2.1%	-0.7%	-1.4%	-2.5%	-5.2%	-1.0%	2.7%	4.2%
% Ch	1,577	1,569	1,578	1,569	1,565	1,579	1,596	1,613	1,612	1,610	1,617	1,631
National (Millions)	-9.8%	-1.9%	2.3%	-2.3%	-1.0%	3.5%	4.5%	4.4%	-0.2%	-0.6%	1.7%	3.5%
% Ch												
SINGLE UNITS	9,192	9,119	9,102	9,022	9,022	9,061	9,086	9,056	8,954	8,947	9,016	9,109
Idaho	-5.1%	-3.1%	-0.7%	-3.5%	0.0%	1.8%	1.1%	-1.3%	-4.5%	-0.3%	3.1%	4.2%
% Ch	1,283	1,277	1,281	1,271	1,261	1,261	1,270	1,279	1,274	1,270	1,275	1,284
National (Millions)	-9.8%	-1.9%	1.4%	-3.2%	-3.2%	-0.1%	2.9%	2.9%	-1.4%	-1.3%	1.4%	2.9%
% Ch												
MULTIPLE UNITS	1,080	999	965	909	856	798	740	707	679	662	657	665
Idaho	-29.7%	-26.8%	-13.2%	-21.3%	-21.2%	-24.5%	-26.2%	-16.7%	-14.9%	-9.5%	-3.1%	4.9%
% Ch	0.293	0.292	0.297	0.298	0.304	0.318	0.326	0.334	0.338	0.340	0.342	0.347
National (Millions)	-9.6%	-1.8%	6.3%	1.4%	8.9%	19.6%	10.6%	10.5%	4.4%	2.0%	2.8%	5.8%
% Ch												
HOUSING STOCK												
Idaho (Thousands)	447.8	450.0	452.1	454.3	456.4	458.5	460.6	462.7	464.8	466.8	468.9	471.0
% Ch	2.0%	2.0%	2.0%	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

OUTPUT, INCOME, & WAGES

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	9,669	9,858	9,938	10,028	10,142	10,203	10,225	10,263	10,450	10,527	10,643	10,826
% Ch	6.3%	8.0%	3.3%	3.7%	4.6%	2.4%	0.9%	1.5%	7.5%	3.0%	4.5%	7.0%
1996 Chain-Weighted	9,102	9,229	9,260	9,304	9,334	9,342	9,310	9,349	9,489	9,517	9,587	9,694
% Ch	2.3%	5.7%	1.3%	1.9%	1.3%	0.3%	-1.3%	1.7%	6.1%	1.2%	3.0%	4.6%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	30,045	30,759	31,005	31,500	31,682	32,057	32,176	32,261	32,785	33,185	33,541	33,986
% Ch	10.8%	9.8%	3.2%	6.5%	2.3%	4.8%	1.5%	1.1%	6.7%	5.0%	4.4%	5.4%
Idaho Nonfarm (Millions)	29,160	29,840	29,935	30,527	30,642	31,034	31,119	31,247	31,625	32,024	32,411	32,847
% Ch	12.5%	9.7%	1.3%	8.1%	1.5%	5.2%	1.1%	1.7%	4.9%	5.1%	4.9%	5.5%
National (Billions)	8,104	8,271	8,382	8,520	8,640	8,715	8,772	8,767	8,886	8,973	9,068	9,186
% Ch	8.6%	8.5%	5.5%	6.8%	5.8%	3.5%	2.7%	-0.2%	5.5%	4.0%	4.3%	5.3%
PERSONAL INCOME - 1996 \$												
Idaho (Millions)	28,171	28,690	28,749	29,067	29,005	29,251	29,376	29,392	29,794	29,940	30,130	30,327
% Ch	6.6%	7.6%	0.8%	4.5%	-0.9%	3.4%	1.7%	0.2%	5.6%	2.0%	2.6%	2.6%
Idaho Nonfarm (Millions)	27,341	27,833	27,757	28,169	28,053	28,318	28,411	28,468	28,740	28,892	29,115	29,310
% Ch	8.2%	7.4%	-1.1%	6.1%	-1.6%	3.8%	1.3%	0.8%	3.9%	2.1%	3.1%	2.7%
National (Billions)	7,599	7,716	7,772	7,862	7,911	7,952	8,009	7,988	8,076	8,096	8,146	8,197
% Ch	4.4%	6.3%	3.0%	4.7%	2.5%	2.1%	2.9%	-1.0%	4.5%	1.0%	2.5%	2.6%
PER CAPITA PERS INC - CURR \$												
Idaho	23,281	23,727	23,812	24,090	24,125	24,313	24,321	24,297	24,621	24,861	25,053	25,317
% Ch	8.8%	7.9%	1.4%	4.7%	0.6%	3.2%	0.1%	-0.4%	5.4%	4.0%	3.1%	4.3%
National	29,496	30,036	30,368	30,799	31,164	31,362	31,497	31,410	31,764	32,004	32,270	32,620
% Ch	7.6%	7.5%	4.5%	5.8%	4.8%	2.6%	1.7%	-1.1%	4.6%	3.1%	3.4%	4.4%
PER CAPITA PERS INC - 1996 \$												
Idaho	21,829	22,131	22,080	22,230	22,086	22,186	22,205	22,137	22,375	22,430	22,506	22,591
% Ch	4.6%	5.7%	-0.9%	2.7%	-2.6%	1.8%	0.4%	-1.2%	4.4%	1.0%	1.4%	1.5%
National	27,657	28,019	28,161	28,423	28,534	28,618	28,759	28,620	28,869	28,874	28,988	29,108
% Ch	3.5%	5.3%	2.0%	3.8%	1.6%	1.2%	2.0%	-1.9%	3.5%	0.1%	1.6%	1.7%
AVERAGE ANNUAL WAGE												
Idaho	28,376	28,767	28,363	29,065	28,619	29,043	28,949	29,101	29,353	29,547	29,817	30,098
% Ch	11.4%	5.6%	-5.5%	10.3%	-6.0%	6.1%	-1.3%	2.1%	3.5%	2.7%	3.7%	3.8%
National	35,893	36,398	36,973	37,623	38,128	38,578	38,831	39,045	39,432	39,713	40,046	40,363
% Ch	7.1%	5.7%	6.5%	7.2%	5.5%	4.8%	2.6%	2.2%	4.0%	2.9%	3.4%	3.2%

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OUTPUT, INCOME, & WAGES

	Q1	2003			Q1	2004			Q1	2005		
		Q2	Q3	Q4		Q2	Q3	Q4		Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	11,006	11,168	11,329	11,504	11,696	11,881	12,063	12,230	12,411	12,572	12,743	12,902
% Ch	6.8%	6.0%	5.9%	6.3%	6.8%	6.5%	6.3%	5.7%	6.1%	5.3%	5.6%	5.1%
1996 Chain-Weighted	9,784	9,870	9,951	10,040	10,139	10,232	10,322	10,399	10,479	10,551	10,627	10,699
% Ch	3.8%	3.5%	3.3%	3.6%	4.0%	3.7%	3.5%	3.0%	3.1%	2.7%	2.9%	2.7%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	34,429	34,915	35,430	35,869	36,404	36,961	37,570	38,040	38,567	39,185	39,758	40,252
% Ch	5.3%	5.8%	6.0%	5.0%	6.1%	6.3%	6.8%	5.1%	5.7%	6.6%	6.0%	5.1%
Idaho Nonfarm (Millions)	33,342	33,819	34,284	34,784	35,344	35,841	36,379	36,902	37,468	38,048	38,621	39,189
% Ch	6.2%	5.8%	5.6%	6.0%	6.6%	5.7%	6.1%	5.9%	6.3%	6.3%	6.2%	6.0%
National (Billions)	9,327	9,455	9,592	9,724	9,888	10,032	10,181	10,318	10,468	10,614	10,756	10,893
% Ch	6.3%	5.6%	6.0%	5.6%	6.9%	5.9%	6.1%	5.5%	5.9%	5.7%	5.5%	5.2%
PERSONAL INCOME - 1996 \$												
Idaho (Millions)	30,498	30,735	30,994	31,164	31,429	31,693	31,997	32,177	32,410	32,722	32,981	33,191
% Ch	2.3%	3.2%	3.4%	2.2%	3.4%	3.4%	3.9%	2.3%	2.9%	3.9%	3.2%	2.6%
Idaho Nonfarm (Millions)	29,535	29,771	29,992	30,221	30,514	30,732	30,983	31,214	31,486	31,773	32,039	32,315
% Ch	3.1%	3.2%	3.0%	3.1%	3.9%	2.9%	3.3%	3.0%	3.5%	3.7%	3.4%	3.5%
National (Billions)	8,262	8,323	8,391	8,448	8,537	8,602	8,671	8,728	8,797	8,863	8,923	8,982
% Ch	3.2%	3.0%	3.3%	2.7%	4.3%	3.1%	3.3%	2.6%	3.2%	3.1%	2.7%	2.7%
PER CAPITA PERS INC - CURR \$												
Idaho	25,570	25,850	26,164	26,426	26,757	27,099	27,477	27,747	28,056	28,423	28,754	29,029
% Ch	4.0%	4.5%	4.9%	4.1%	5.1%	5.2%	5.7%	4.0%	4.5%	5.3%	4.7%	3.9%
National	33,047	33,424	33,837	34,227	34,730	35,159	35,606	36,008	36,452	36,882	37,296	37,692
% Ch	5.3%	4.6%	5.0%	4.7%	6.0%	5.0%	5.2%	4.6%	5.0%	4.8%	4.6%	4.3%
PER CAPITA PERS INC - 1996 \$												
Idaho	22,650	22,756	22,889	22,959	23,100	23,236	23,401	23,471	23,576	23,736	23,853	23,937
% Ch	1.0%	1.9%	2.4%	1.2%	2.5%	2.4%	2.9%	1.2%	1.8%	2.7%	2.0%	1.4%
National	29,273	29,423	29,600	29,737	29,983	30,147	30,324	30,458	30,632	30,799	30,939	31,080
% Ch	2.3%	2.1%	2.4%	1.9%	3.4%	2.2%	2.4%	1.8%	2.3%	2.2%	1.8%	1.8%
AVERAGE ANNUAL WAGE												
Idaho	30,375	30,670	30,939	31,278	31,577	31,862	32,173	32,486	32,801	33,120	33,439	33,762
% Ch	3.7%	3.9%	3.6%	4.5%	3.9%	3.7%	4.0%	4.0%	3.9%	4.0%	3.9%	3.9%
National	40,756	41,152	41,549	41,930	42,375	42,771	43,165	43,567	44,014	44,428	44,839	45,262
% Ch	4.0%	3.9%	3.9%	3.7%	4.3%	3.8%	3.7%	3.8%	4.2%	3.8%	3.8%	3.8%

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PERSONAL INCOME -- CURR \$\$

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	16,187	16,608	16,511	16,991	16,843	17,110	17,064	17,095	17,207	17,349	17,577	17,794
% Ch	15.8%	10.8%	-2.3%	12.1%	-3.4%	6.5%	-1.1%	0.7%	2.6%	3.3%	5.4%	5.0%
National (Billions)	4,702	4,798	4,876	4,973	5,049	5,100	5,123	5,120	5,156	5,191	5,242	5,307
% Ch	10.0%	8.4%	6.6%	8.2%	6.3%	4.0%	1.9%	-0.3%	2.9%	2.7%	4.0%	5.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	525	545	682	580	640	613	635	583	769	781	745	747
% Ch	-52.7%	16.1%	145.2%	-47.7%	48.3%	-15.8%	15.1%	-28.9%	203.1%	6.1%	-17.1%	1.3%
National (Billions)	27	32	32	32	30	29	32	20	23	14	19	22
% Ch	4.7%	124.3%	-9.6%	0.9%	-21.8%	-14.3%	59.5%	-86.3%	103.6%	-87.0%	242.6%	60.3%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	2,986	3,048	3,052	3,085	3,168	3,230	3,228	3,275	3,332	3,382	3,428	3,510
% Ch	11.3%	8.6%	0.5%	4.4%	11.2%	8.1%	-0.2%	6.0%	7.2%	6.1%	5.6%	9.9%
National (Billions)	671	685	688	693	705	717	720	721	736	746	756	774
% Ch	4.6%	8.9%	1.3%	3.4%	7.0%	6.5%	2.2%	0.4%	8.2%	5.9%	5.4%	9.8%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	5,415	5,516	5,635	5,652	5,686	5,668	5,684	5,660	5,692	5,796	5,842	5,912
% Ch	3.1%	7.7%	8.9%	1.2%	2.4%	-1.3%	1.1%	-1.7%	2.3%	7.5%	3.2%	4.8%
National (Billions)	1,486	1,515	1,533	1,551	1,555	1,552	1,555	1,547	1,567	1,591	1,600	1,614
% Ch	8.5%	7.8%	5.1%	4.8%	1.0%	-0.9%	0.9%	-2.2%	5.3%	6.3%	2.2%	3.5%
OTHER LABOR INCOME												
Idaho (Millions)	1,868	1,906	1,926	1,953	1,951	1,974	2,007	2,032	2,056	2,071	2,084	2,109
% Ch	9.0%	8.4%	4.3%	5.7%	-0.4%	4.8%	6.9%	5.1%	4.9%	2.8%	2.5%	4.9%
National (Billions)	524	530	538	545	549	552	555	558	568	574	579	588
% Ch	5.6%	5.0%	6.0%	5.3%	3.2%	2.2%	2.3%	2.2%	6.8%	4.6%	3.5%	6.5%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	3,849	3,946	3,989	4,063	4,225	4,303	4,403	4,471	4,630	4,704	4,769	4,826
% Ch	9.1%	10.5%	4.4%	7.6%	16.9%	7.6%	9.6%	6.3%	15.0%	6.5%	5.6%	4.9%
National (Billions)	1,046	1,066	1,075	1,089	1,123	1,139	1,159	1,174	1,216	1,235	1,252	1,266
% Ch	6.5%	7.9%	3.2%	5.5%	13.1%	5.9%	7.1%	5.2%	15.0%	6.6%	5.6%	4.4%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	1,261	1,282	1,269	1,304	1,309	1,332	1,330	1,332	1,352	1,352	1,365	1,379
% Ch	13.0%	6.8%	-4.0%	11.5%	1.5%	7.2%	-0.6%	0.6%	6.1%	0.0%	4.0%	4.3%
National (Billions)	351	356	359	364	372	374	374	373	380	378	380	384
% Ch	8.9%	5.2%	4.1%	5.3%	9.0%	2.1%	0.3%	-1.5%	7.4%	-1.2%	2.1%	3.9%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	476	473	479	481	478	491	485	478	450	454	461	467
% Ch	119.6%	-2.5%	5.2%	1.7%	-2.5%	11.3%	-4.8%	-5.6%	-21.4%	3.7%	5.9%	5.5%

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PERSONAL INCOME -- CURR \$\$

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	18,025	18,268	18,512	18,789	19,056	19,324	19,614	19,889	20,188	20,501	20,815	21,121
% Ch	5.3%	5.5%	5.5%	6.1%	5.8%	5.7%	6.1%	5.7%	6.2%	6.3%	6.3%	6.0%
National (Billions)	5,388	5,463	5,546	5,629	5,720	5,802	5,884	5,964	6,049	6,127	6,207	6,287
% Ch	6.2%	5.7%	6.2%	6.1%	6.6%	5.9%	5.8%	5.5%	5.8%	5.3%	5.3%	5.2%
FARM PROPRIETORS INCOME												
Idaho (Millions)	693	701	745	687	664	716	776	726	688	718	715	649
% Ch	-26.1%	4.9%	27.5%	-27.7%	-12.8%	35.0%	38.4%	-23.5%	-19.2%	18.6%	-1.7%	-32.0%
National (Billions)	23	22	24	22	22	24	27	24	24	26	25	23
% Ch	20.0%	-3.9%	38.7%	-33.9%	-4.0%	49.7%	52.7%	-28.2%	-6.6%	25.8%	-1.1%	-38.4%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,595	3,660	3,716	3,764	3,812	3,852	3,887	3,920	3,959	3,989	4,025	4,062
% Ch	10.0%	7.4%	6.3%	5.3%	5.2%	4.2%	3.8%	3.4%	4.0%	3.1%	3.7%	3.8%
National (Billions)	792	807	819	829	839	848	855	862	870	876	884	892
% Ch	9.9%	7.3%	6.2%	5.1%	5.0%	4.0%	3.6%	3.2%	3.8%	2.9%	3.5%	3.6%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,006	6,101	6,203	6,285	6,401	6,527	6,660	6,779	6,860	7,006	7,132	7,257
% Ch	6.5%	6.5%	6.8%	5.4%	7.6%	8.1%	8.4%	7.3%	4.9%	8.8%	7.4%	7.2%
National (Billions)	1,635	1,659	1,685	1,706	1,737	1,770	1,805	1,836	1,856	1,893	1,925	1,956
% Ch	5.4%	5.9%	6.5%	5.1%	7.4%	7.9%	8.2%	7.0%	4.5%	8.3%	6.8%	6.6%
OTHER LABOR INCOME												
Idaho (Millions)	2,147	2,185	2,219	2,257	2,284	2,297	2,330	2,358	2,389	2,423	2,455	2,486
% Ch	7.3%	7.4%	6.2%	7.1%	4.8%	2.4%	5.7%	5.0%	5.4%	5.8%	5.4%	5.1%
National (Billions)	597	605	613	621	629	633	642	649	657	665	672	680
% Ch	6.2%	5.6%	5.1%	5.2%	5.7%	2.5%	5.4%	4.8%	5.1%	4.7%	4.5%	4.4%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	4,895	4,943	4,990	5,057	5,172	5,243	5,315	5,393	5,523	5,603	5,685	5,760
% Ch	5.8%	4.0%	3.9%	5.5%	9.4%	5.7%	5.6%	6.0%	10.1%	5.9%	6.0%	5.4%
National (Billions)	1,284	1,295	1,308	1,326	1,356	1,375	1,395	1,415	1,449	1,470	1,491	1,510
% Ch	5.9%	3.7%	3.8%	5.6%	9.6%	5.8%	5.7%	6.0%	10.1%	5.8%	5.8%	5.3%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	1,404	1,424	1,443	1,466	1,487	1,508	1,531	1,552	1,576	1,600	1,624	1,648
% Ch	7.4%	5.6%	5.5%	6.7%	5.8%	5.8%	6.1%	5.7%	6.1%	6.3%	6.2%	6.0%
National (Billions)	392	397	402	409	415	421	426	432	438	443	448	454
% Ch	8.0%	5.4%	5.9%	6.4%	6.3%	5.6%	5.5%	5.2%	5.5%	5.0%	5.0%	4.9%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	474	481	488	496	503	511	519	527	536	545	554	563
% Ch	5.8%	6.0%	6.0%	6.7%	6.4%	6.3%	6.7%	6.3%	6.7%	6.9%	6.8%	6.5%

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EMPLOYMENT

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	551,621	558,270	562,221	564,940	568,155	568,748	568,581	566,171	565,656	566,965	569,210	570,839
% Ch	3.7%	4.9%	2.9%	1.9%	2.3%	0.4%	-0.1%	-1.7%	-0.4%	0.9%	1.6%	1.2%
National (Thousands)	130,995	131,819	131,876	132,185	132,433	132,193	131,943	131,130	130,759	130,708	130,899	131,493
% Ch	2.7%	2.5%	0.2%	0.9%	0.8%	-0.7%	-0.8%	-2.4%	-1.1%	-0.2%	0.6%	1.8%
GOODS PRODUCING SECTOR												
Idaho	115,677	116,081	115,844	116,670	116,982	115,289	114,201	110,320	108,207	107,868	107,721	107,352
% Ch	3.1%	1.4%	-0.8%	2.9%	1.1%	-5.7%	-3.7%	-12.9%	-7.4%	-1.2%	-0.5%	-1.4%
National (Thousands)	25,701	25,690	25,681	25,626	25,493	25,136	24,786	24,375	24,049	23,878	23,858	23,942
% Ch	2.0%	-0.2%	-0.1%	-0.8%	-2.1%	-5.5%	-5.5%	-6.5%	-5.2%	-2.8%	-0.3%	1.4%
MANUFACTURING												
Idaho	76,767	77,224	77,021	77,769	77,021	75,376	74,730	72,451	70,826	70,645	70,659	70,613
% Ch	2.3%	2.4%	-1.0%	3.9%	-3.8%	-8.3%	-3.4%	-11.7%	-8.7%	-1.0%	0.1%	-0.3%
National (Thousands)	18,502	18,510	18,494	18,400	18,196	17,872	17,538	17,174	16,883	16,774	16,772	16,826
% Ch	0.0%	0.2%	-0.3%	-2.0%	-4.4%	-6.9%	-7.3%	-8.0%	-6.6%	-2.5%	-0.1%	1.3%
DURABLE MANUFACTURING												
Idaho	47,730	48,004	47,782	48,256	47,645	46,117	45,770	44,015	43,177	43,100	43,140	43,495
% Ch	2.4%	2.3%	-1.8%	4.0%	-5.0%	-12.2%	-3.0%	-14.5%	-7.4%	-0.7%	0.4%	3.3%
National (Thousands)	11,121	11,146	11,174	11,131	10,998	10,773	10,522	10,249	10,023	9,963	9,943	9,963
% Ch	0.8%	0.9%	1.0%	-1.5%	-4.7%	-7.9%	-9.0%	-10.0%	-8.5%	-2.4%	-0.8%	0.8%
LUMBER & WOOD PRODUCTS												
Idaho	13,249	13,142	12,257	11,871	11,169	10,762	11,369	11,107	10,974	10,882	10,721	10,624
% Ch	0.2%	-3.2%	-24.4%	-12.0%	-21.6%	-13.8%	24.5%	-8.9%	-4.7%	-3.3%	-5.8%	-3.6%
National (Thousands)	842	837	829	814	797	789	784	773	770	768	770	775
% Ch	0.6%	-2.4%	-3.9%	-6.9%	-7.9%	-4.0%	-2.5%	-5.7%	-1.4%	-1.0%	0.8%	2.5%
STONE, CLAY, GLASS, etc.												
Idaho	4,515	4,457	4,482	4,485	4,512	4,520	4,501	4,333	4,528	4,439	4,412	4,385
% Ch	-3.1%	-5.1%	2.3%	0.2%	2.5%	0.7%	-1.6%	-14.2%	19.2%	-7.6%	-2.4%	-2.5%
National (Thousands)	2,109	2,121	2,125	2,120	2,102	2,068	2,039	2,004	1,977	1,976	1,972	1,979
% Ch	2.2%	2.2%	0.9%	-1.1%	-3.4%	-6.3%	-5.4%	-6.6%	-5.4%	-0.1%	-1.0%	1.4%
ELEC & NONELEC MACH												
Idaho	23,757	24,123	24,951	25,852	26,042	25,007	24,032	22,798	22,039	22,086	22,304	22,721
% Ch	4.5%	6.3%	14.4%	15.3%	3.0%	-15.0%	-14.7%	-19.0%	-12.7%	0.8%	4.0%	7.7%
National (Thousands)	3,802	3,824	3,884	3,881	3,848	3,720	3,566	3,431	3,317	3,273	3,269	3,265
% Ch	0.7%	2.3%	6.4%	-0.3%	-3.3%	-12.7%	-15.5%	-14.3%	-12.6%	-5.2%	-0.5%	-0.6%
OTHER DURABLES												
Idaho	6,209	6,281	6,092	6,049	5,921	5,829	5,868	5,777	5,636	5,693	5,703	5,766
% Ch	3.6%	4.7%	-11.5%	-2.9%	-8.2%	-6.1%	2.7%	-6.0%	-9.4%	4.1%	0.7%	4.5%
National (Thousands)	4,368	4,364	4,336	4,317	4,251	4,196	4,133	4,041	3,959	3,945	3,932	3,945
% Ch	0.2%	-0.3%	-2.6%	-1.7%	-6.0%	-5.0%	-5.9%	-8.6%	-7.8%	-1.4%	-1.2%	1.3%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

EMPLOYMENT

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	572,850	575,187	577,840	580,476	583,261	586,154	589,164	592,037	595,257	598,697	602,278	605,776
% Ch	1.4%	1.6%	1.9%	1.8%	1.9%	2.0%	2.1%	2.0%	2.2%	2.3%	2.4%	2.3%
National (Thousands)	132,193	132,745	133,481	134,252	134,981	135,657	136,325	136,882	137,425	137,906	138,423	138,893
% Ch	2.1%	1.7%	2.2%	2.3%	2.2%	2.0%	2.0%	1.6%	1.6%	1.4%	1.5%	1.4%
GOODS PRODUCING SECTOR												
Idaho	107,193	107,497	107,990	108,426	108,900	109,460	109,966	110,497	111,054	111,698	112,426	113,134
% Ch	-0.6%	1.1%	1.8%	1.6%	1.8%	2.1%	1.9%	1.9%	2.0%	2.3%	2.6%	2.5%
National (Thousands)	24,086	24,149	24,313	24,460	24,589	24,673	24,793	24,875	24,957	25,025	25,091	25,112
% Ch	2.4%	1.1%	2.7%	2.4%	2.1%	1.4%	1.9%	1.3%	1.3%	1.1%	1.1%	0.3%
MANUFACTURING												
Idaho	71,015	71,589	72,335	72,958	73,607	74,273	74,866	75,433	75,939	76,429	76,906	77,182
% Ch	2.3%	3.3%	4.2%	3.5%	3.6%	3.7%	3.2%	3.1%	2.7%	2.6%	2.5%	1.4%
National (Thousands)	16,933	16,979	17,076	17,158	17,218	17,255	17,323	17,374	17,429	17,480	17,526	17,533
% Ch	2.6%	1.1%	2.3%	2.0%	1.4%	0.9%	1.6%	1.2%	1.3%	1.2%	1.1%	0.2%
DURABLE MANUFACTURING												
Idaho	43,898	44,407	44,982	45,440	45,880	46,332	46,752	47,164	47,487	47,824	48,171	48,324
% Ch	3.8%	4.7%	5.3%	4.1%	3.9%	4.0%	3.7%	3.6%	2.8%	2.9%	2.9%	1.3%
National (Thousands)	10,006	10,014	10,059	10,103	10,130	10,140	10,181	10,225	10,276	10,326	10,376	10,404
% Ch	1.8%	0.3%	1.8%	1.8%	1.0%	0.4%	1.6%	1.8%	2.0%	2.0%	1.9%	1.1%
LUMBER & WOOD PRODUCTS												
Idaho	10,544	10,493	10,448	10,336	10,240	10,155	10,057	9,961	9,834	9,675	9,518	9,368
% Ch	-3.0%	-1.9%	-1.7%	-4.2%	-3.7%	-3.3%	-3.8%	-3.8%	-5.0%	-6.3%	-6.3%	-6.2%
National (Thousands)	782	791	802	812	821	829	837	844	849	853	857	860
% Ch	3.7%	4.9%	5.8%	5.1%	4.3%	3.8%	3.9%	3.3%	2.6%	2.1%	1.7%	1.3%
STONE, CLAY, GLASS, etc.												
Idaho	4,335	4,296	4,287	4,282	4,274	4,266	4,263	4,255	4,247	4,239	4,234	4,232
% Ch	-4.5%	-3.5%	-0.9%	-0.4%	-0.8%	-0.7%	-0.3%	-0.7%	-0.8%	-0.7%	-0.4%	-0.3%
National (Thousands)	1,996	2,010	2,029	2,045	2,056	2,061	2,067	2,071	2,071	2,072	2,073	2,068
% Ch	3.5%	3.0%	3.8%	3.2%	2.1%	1.1%	1.2%	0.7%	0.1%	0.2%	0.0%	-0.8%
ELEC & NONELEC MACH												
Idaho	23,163	23,649	24,194	24,692	25,143	25,580	26,021	26,484	26,936	27,412	27,913	28,223
% Ch	8.0%	8.6%	9.6%	8.5%	7.5%	7.1%	7.1%	7.3%	7.0%	7.3%	7.5%	4.5%
National (Thousands)	3,235	3,180	3,150	3,127	3,104	3,075	3,078	3,100	3,141	3,180	3,226	3,262
% Ch	-3.5%	-6.7%	-3.6%	-2.9%	-3.0%	-3.7%	0.4%	2.9%	5.5%	5.0%	5.9%	4.6%
OTHER DURABLES												
Idaho	5,856	5,969	6,053	6,130	6,223	6,331	6,412	6,464	6,470	6,498	6,505	6,502
% Ch	6.4%	8.0%	5.7%	5.2%	6.2%	7.1%	5.2%	3.3%	0.4%	1.7%	0.5%	-0.2%
National (Thousands)	3,994	4,033	4,077	4,118	4,149	4,175	4,199	4,211	4,214	4,221	4,221	4,213
% Ch	5.0%	4.0%	4.4%	4.1%	3.0%	2.5%	2.3%	1.2%	0.3%	0.6%	0.0%	-0.7%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

EMPLOYMENT

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MANUFACTURING (continued)												
NONDURABLE MANUFACTURING												
Idaho	29,037	29,221	29,239	29,513	29,376	29,259	28,961	28,435	27,649	27,545	27,519	27,118
% Ch	2.1%	2.5%	0.3%	3.8%	-1.8%	-1.6%	-4.0%	-7.1%	-10.6%	-1.5%	-0.4%	-5.7%
National (Thousands)	7,381	7,364	7,321	7,269	7,198	7,099	7,015	6,925	6,860	6,812	6,829	6,863
% Ch	-1.2%	-0.9%	-2.3%	-2.8%	-3.8%	-5.4%	-4.6%	-5.0%	-3.7%	-2.8%	1.0%	2.0%
FOOD PROCESSING												
Idaho	17,172	17,275	17,277	17,283	17,381	17,450	17,414	17,121	16,885	17,003	17,089	16,717
% Ch	0.2%	2.4%	0.0%	0.1%	2.3%	1.6%	-0.8%	-6.6%	-5.4%	2.8%	2.0%	-8.4%
National (Thousands)	1,690	1,690	1,685	1,686	1,694	1,691	1,688	1,688	1,686	1,687	1,695	1,707
% Ch	-0.3%	0.0%	-1.3%	0.2%	2.0%	-0.6%	-0.8%	0.1%	-0.6%	0.3%	1.9%	2.8%
CANNED, CURED, & FROZEN												
Idaho	9,759	9,795	9,824	9,692	9,604	9,599	9,590	9,474	9,180	9,217	9,251	8,860
% Ch	-1.7%	1.5%	1.2%	-5.3%	-3.6%	-0.2%	-0.3%	-4.8%	-11.8%	1.6%	1.5%	-15.9%
OTHER FOOD PROCESSING												
Idaho	7,413	7,480	7,453	7,591	7,777	7,852	7,823	7,646	7,705	7,786	7,837	7,857
% Ch	2.7%	3.7%	-1.4%	7.6%	10.2%	3.9%	-1.4%	-8.7%	3.1%	4.3%	2.6%	1.0%
PAPER, PRINTING, PUBLISH.												
Idaho	7,533	7,655	7,635	7,725	7,560	7,399	7,303	7,127	6,801	6,687	6,624	6,592
% Ch	6.0%	6.7%	-1.1%	4.8%	-8.3%	-8.2%	-5.1%	-9.3%	-17.1%	-6.5%	-3.7%	-1.9%
National (Thousands)	2,208	2,208	2,206	2,194	2,173	2,140	2,109	2,079	2,049	2,021	2,018	2,029
% Ch	-0.8%	0.0%	-0.4%	-2.1%	-3.8%	-5.9%	-5.7%	-5.6%	-5.6%	-5.4%	-0.6%	2.2%
CHEMICALS												
Idaho	2,318	2,296	2,318	2,397	2,368	2,375	2,299	2,253	2,018	1,904	1,839	1,820
% Ch	9.8%	-3.8%	3.9%	14.5%	-4.8%	1.2%	-12.2%	-7.6%	-35.6%	-20.8%	-13.0%	-4.1%
National (Thousands)	1,038	1,036	1,031	1,030	1,028	1,023	1,022	1,015	1,010	1,007	1,002	996
% Ch	1.0%	-0.6%	-2.2%	-0.1%	-1.0%	-1.9%	-0.4%	-2.6%	-2.1%	-1.2%	-1.7%	-2.6%
OTHER NONDURABLES												
Idaho	2,015	1,995	2,010	2,108	2,068	2,035	1,945	1,935	1,945	1,951	1,967	1,990
% Ch	-4.1%	-3.9%	3.2%	20.9%	-7.4%	-6.2%	-16.5%	-2.1%	2.1%	1.2%	3.4%	4.6%
National (Thousands)	2,445	2,430	2,400	2,359	2,303	2,244	2,196	2,143	2,116	2,097	2,114	2,131
% Ch	-3.0%	-2.5%	-4.8%	-6.7%	-9.1%	-9.9%	-8.3%	-9.4%	-5.0%	-3.4%	3.2%	3.3%
MINING												
Idaho	2,484	2,459	2,413	2,343	2,243	2,132	1,954	1,823	1,753	1,741	1,764	1,738
%Ch	-5.3%	-4.0%	-7.2%	-11.0%	-16.0%	-18.4%	-29.4%	-24.2%	-14.5%	-2.8%	5.4%	-5.6%
National (Thousands)	534	542	545	551	556	565	571	566	564	560	568	582
%Ch	0.8%	5.9%	2.5%	4.7%	3.7%	6.6%	3.8%	-3.5%	-1.2%	-3.0%	6.0%	10.0%
METAL MINING												
Idaho	1,322	1,265	1,189	1,116	1,015	897	745	640	524	530	549	507
%Ch	-8.8%	-16.1%	-21.9%	-22.6%	-31.4%	-39.2%	-52.3%	-45.5%	-55.0%	4.9%	14.5%	-27.0%
OTHER MINING												
Idaho	1,162	1,193	1,223	1,228	1,228	1,235	1,209	1,183	1,229	1,210	1,215	1,231
% Ch	-1.2%	11.3%	10.4%	1.5%	0.1%	2.4%	-8.3%	-8.3%	16.5%	-6.0%	1.6%	5.4%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL JULY 2002

EMPLOYMENT

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MANUFACTURING (continued)												
NONDURABLE MANUFACTURING												
Idaho	27,117	27,182	27,352	27,518	27,727	27,942	28,114	28,270	28,453	28,605	28,735	28,858
% Ch	0.0%	1.0%	2.5%	2.4%	3.1%	3.1%	2.5%	2.2%	2.6%	2.2%	1.8%	1.7%
National (Thousands)	6,927	6,965	7,017	7,055	7,088	7,116	7,143	7,149	7,153	7,154	7,150	7,130
% Ch	3.8%	2.2%	3.0%	2.2%	1.9%	1.5%	1.5%	0.3%	0.2%	0.1%	-0.2%	-1.1%
FOOD PROCESSING												
Idaho	16,669	16,622	16,664	16,699	16,766	16,835	16,864	16,878	16,922	16,951	16,972	17,000
% Ch	-1.1%	-1.1%	1.0%	0.8%	1.6%	1.6%	0.7%	0.3%	1.1%	0.7%	0.5%	0.7%
National (Thousands)	1,720	1,726	1,741	1,748	1,754	1,763	1,772	1,768	1,770	1,776	1,778	1,772
% Ch	3.1%	1.5%	3.4%	1.7%	1.2%	2.2%	2.0%	-0.8%	0.4%	1.3%	0.4%	-1.3%
CANNED, CURED, & FROZEN												
Idaho	8,804	8,746	8,779	8,811	8,841	8,870	8,901	8,933	8,958	8,984	9,011	9,036
% Ch	-2.5%	-2.6%	1.5%	1.5%	1.4%	1.3%	1.4%	1.5%	1.1%	1.2%	1.2%	1.1%
OTHER FOOD PROCESSING												
Idaho	7,866	7,875	7,885	7,888	7,925	7,965	7,963	7,944	7,964	7,967	7,961	7,964
% Ch	0.5%	0.5%	0.5%	0.1%	1.9%	2.0%	-0.1%	-0.9%	1.0%	0.2%	-0.3%	0.2%
PAPER, PRINTING, PUBLISH.												
Idaho	6,621	6,714	6,823	6,940	7,059	7,177	7,291	7,405	7,518	7,620	7,708	7,784
% Ch	1.8%	5.7%	6.7%	7.1%	7.0%	6.8%	6.5%	6.4%	6.3%	5.5%	4.7%	4.0%
National (Thousands)	2,058	2,082	2,111	2,138	2,162	2,182	2,203	2,220	2,234	2,244	2,253	2,258
% Ch	5.8%	4.9%	5.6%	5.2%	4.7%	3.8%	3.9%	3.1%	2.5%	1.8%	1.6%	0.9%
CHEMICALS												
Idaho	1,810	1,805	1,801	1,798	1,797	1,796	1,796	1,796	1,797	1,796	1,795	1,793
% Ch	-2.2%	-1.1%	-0.7%	-0.6%	-0.4%	-0.1%	0.0%	0.1%	0.0%	-0.1%	-0.3%	-0.5%
National (Thousands)	999	999	1,001	1,000	999	995	993	989	982	976	969	960
% Ch	1.3%	0.0%	0.7%	-0.2%	-0.6%	-1.4%	-1.1%	-1.6%	-2.5%	-2.6%	-2.8%	-3.4%
OTHER NONDURABLES												
Idaho	2,017	2,042	2,064	2,080	2,105	2,134	2,163	2,191	2,215	2,237	2,260	2,281
% Ch	5.7%	5.0%	4.4%	3.2%	4.9%	5.6%	5.5%	5.2%	4.6%	4.0%	4.2%	3.7%
National (Thousands)	2,150	2,157	2,164	2,169	2,174	2,175	2,175	2,172	2,167	2,159	2,151	2,139
% Ch	3.6%	1.2%	1.3%	0.9%	0.9%	0.2%	0.1%	-0.6%	-1.0%	-1.5%	-1.4%	-2.2%
MINING												
Idaho	1,794	1,803	1,806	1,849	1,890	1,898	1,894	1,891	1,847	1,809	1,732	1,632
%Ch	13.5%	2.0%	0.6%	9.9%	9.0%	1.7%	-0.7%	-0.8%	-9.0%	-7.9%	-16.1%	-21.1%
National (Thousands)	596	597	596	595	592	586	580	576	571	567	563	560
%Ch	9.9%	1.3%	-1.2%	-0.5%	-2.2%	-4.0%	-3.6%	-2.9%	-3.4%	-2.7%	-2.5%	-2.2%
METAL MINING												
Idaho	551	562	554	577	595	599	600	601	576	551	495	421
%Ch	39.2%	8.3%	-5.9%	17.8%	13.1%	2.5%	0.7%	1.0%	-15.5%	-16.5%	-35.1%	-47.6%
OTHER MINING												
Idaho	1,243	1,241	1,252	1,272	1,295	1,299	1,295	1,289	1,270	1,258	1,237	1,211
% Ch	4.1%	-0.7%	3.6%	6.6%	7.2%	1.4%	-1.4%	-1.6%	-5.8%	-3.7%	-6.5%	-8.0%

National Variables Forecast by DRI*WEFA
Forecast Begins the **FOURTH** Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

EMPLOYMENT

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GOODS PRODUCING (continued)												
CONSTRUCTION												
Idaho	36,426	36,398	36,410	36,557	37,718	37,780	37,517	36,046	35,628	35,482	35,298	35,001
% Ch	5.4%	-0.3%	0.1%	1.6%	13.3%	0.7%	-2.8%	-14.8%	-4.6%	-1.6%	-2.1%	-3.3%
National (Thousands)	6,665	6,639	6,641	6,675	6,740	6,699	6,678	6,635	6,602	6,544	6,518	6,535
% Ch	7.7%	-1.6%	0.2%	2.0%	4.0%	-2.4%	-1.3%	-2.5%	-2.0%	-3.5%	-1.6%	1.1%
SERVICE PRODUCING SECTOR												
Idaho	435,944	442,190	446,377	448,270	451,173	453,460	454,380	455,852	457,450	459,097	461,489	463,487
% Ch	3.9%	5.9%	3.8%	1.7%	2.6%	2.0%	0.8%	1.3%	1.4%	1.4%	2.1%	1.7%
National (Thousands)	105,293	106,129	106,195	106,559	106,941	107,057	107,157	106,755	106,711	106,830	107,041	107,551
% Ch	2.9%	3.2%	0.2%	1.4%	1.4%	0.4%	0.4%	-1.5%	-0.2%	0.4%	0.8%	1.9%
FINANCE, INSUR, REAL ESTATE												
Idaho	23,615	23,534	23,404	23,467	23,654	24,023	24,305	24,372	24,723	24,751	24,790	24,816
% Ch	2.4%	-1.4%	-2.2%	1.1%	3.2%	6.4%	4.8%	1.1%	5.9%	0.5%	0.6%	0.4%
National (Thousands)	7,570	7,554	7,569	7,620	7,664	7,712	7,728	7,747	7,744	7,740	7,720	7,702
% Ch	-0.2%	-0.9%	0.8%	2.8%	2.3%	2.5%	0.9%	1.0%	-0.2%	-0.2%	-1.0%	-1.0%
TRANS, COMMUN, PUBLIC UTIL												
Idaho	27,728	27,988	28,186	27,878	28,292	28,256	28,092	27,910	28,012	28,133	28,250	28,359
% Ch	3.1%	3.8%	2.9%	-4.3%	6.1%	-0.5%	-2.3%	-2.6%	1.5%	1.7%	1.7%	1.5%
National (Thousands)	6,965	7,008	7,042	7,114	7,145	7,130	7,081	6,912	6,834	6,799	6,842	6,910
% Ch	2.9%	2.5%	1.9%	4.2%	1.8%	-0.9%	-2.7%	-9.2%	-4.5%	-2.0%	2.6%	4.0%
TRADE												
Idaho	139,096	140,271	142,540	142,409	142,059	141,862	140,265	139,709	140,193	140,921	141,931	142,813
% Ch	2.6%	3.4%	6.6%	-0.4%	-1.0%	-0.6%	-4.4%	-1.6%	1.4%	2.1%	2.9%	2.5%
National (Thousands)	30,192	30,268	30,307	30,349	30,387	30,362	30,307	30,120	30,044	30,005	29,928	30,014
% Ch	2.3%	1.0%	0.5%	0.5%	0.5%	-0.3%	-0.7%	-2.4%	-1.0%	-0.5%	-1.0%	1.1%
SERVICES												
Idaho	141,001	144,001	146,250	148,730	148,374	149,950	151,241	151,807	152,180	153,049	154,290	155,360
% Ch	7.0%	8.8%	6.4%	7.0%	-1.0%	4.3%	3.5%	1.5%	1.0%	2.3%	3.3%	2.8%
National (Thousands)	40,032	40,340	40,621	40,842	40,998	40,993	41,037	40,880	40,924	41,083	41,338	41,688
% Ch	3.7%	3.1%	2.8%	2.2%	1.5%	0.0%	0.4%	-1.5%	0.4%	1.6%	2.5%	3.4%
STATE & LOCAL GOVERNMENT												
Idaho	91,177	92,085	92,852	92,850	95,711	96,290	97,026	98,540	98,582	98,552	98,454	98,299
% Ch	1.4%	4.0%	3.4%	0.0%	12.9%	2.4%	3.1%	6.4%	0.2%	-0.1%	-0.4%	-0.6%
National (Thousands)	17,807	17,884	17,960	18,015	18,129	18,246	18,381	18,478	18,556	18,602	18,581	18,584
% Ch	2.1%	1.7%	1.7%	1.2%	2.6%	2.6%	3.0%	2.1%	1.7%	1.0%	-0.4%	0.1%
Idaho Education	50,120	50,527	50,940	50,787	51,128	51,331	51,562	52,601	52,495	52,450	52,419	52,341
% Ch	3.4%	3.3%	3.3%	-1.2%	2.7%	1.6%	1.8%	8.3%	-0.8%	-0.3%	-0.2%	-0.6%
Idaho Other	41,056	41,558	41,912	42,063	44,583	44,958	45,464	45,939	46,087	46,102	46,035	45,959
% Ch	-1.1%	5.0%	3.5%	1.4%	26.2%	3.4%	4.6%	4.2%	1.3%	0.1%	-0.6%	-0.7%
FEDERAL GOVERNMENT												
Idaho	13,327	14,311	13,144	12,937	13,083	13,080	13,452	13,514	13,760	13,691	13,774	13,840
% Ch	6.6%	33.0%	-28.8%	-6.2%	4.6%	-0.1%	11.9%	1.9%	7.5%	-2.0%	2.4%	1.9%
National (Thousands)	2,727	3,075	2,697	2,619	2,617	2,616	2,623	2,618	2,609	2,602	2,631	2,652
% Ch	13.0%	61.7%	-40.9%	-11.0%	-0.3%	-0.3%	1.1%	-0.8%	-1.3%	-1.1%	4.5%	3.3%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

EMPLOYMENT

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GOODS PRODUCING (continued)												
CONSTRUCTION												
Idaho	34,384	34,104	33,849	33,619	33,404	33,288	33,206	33,174	33,268	33,460	33,788	34,320
% Ch	-6.9%	-3.2%	-3.0%	-2.7%	-2.5%	-1.4%	-1.0%	-0.4%	1.1%	2.3%	4.0%	6.4%
National (Thousands)	6,558	6,573	6,642	6,706	6,779	6,832	6,889	6,925	6,957	6,978	7,002	7,018
% Ch	1.4%	0.9%	4.3%	3.9%	4.4%	3.2%	3.4%	2.1%	1.8%	1.2%	1.4%	0.9%
SERVICE PRODUCING SECTOR												
Idaho	465,657	467,691	469,850	472,050	474,360	476,694	479,198	481,540	484,203	486,999	489,852	492,642
% Ch	1.9%	1.8%	1.9%	1.9%	2.0%	2.0%	2.1%	2.0%	2.2%	2.3%	2.4%	2.3%
National (Thousands)	108,107	108,596	109,168	109,792	110,392	110,984	111,533	112,007	112,468	112,881	113,332	113,782
% Ch	2.1%	1.8%	2.1%	2.3%	2.2%	2.2%	2.0%	1.7%	1.7%	1.5%	1.6%	1.6%
FINANCE, INSUR, REAL ESTATE												
Idaho	24,864	24,918	24,967	25,010	25,054	25,110	25,169	25,228	25,285	25,350	25,432	25,521
% Ch	0.8%	0.9%	0.8%	0.7%	0.7%	0.9%	0.9%	0.9%	0.9%	1.0%	1.3%	1.4%
National (Thousands)	7,737	7,758	7,800	7,854	7,903	7,956	7,996	8,038	8,067	8,085	8,105	8,121
% Ch	1.9%	1.0%	2.2%	2.8%	2.5%	2.7%	2.0%	2.2%	1.4%	0.9%	1.0%	0.8%
TRANS, COMMUN, PUBLIC UTIL												
Idaho	28,462	28,561	28,655	28,748	28,838	28,926	29,013	29,100	29,185	29,266	29,347	29,430
% Ch	1.5%	1.4%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
National (Thousands)	6,991	7,046	7,113	7,198	7,270	7,327	7,383	7,434	7,478	7,514	7,544	7,576
% Ch	4.8%	3.2%	3.8%	4.9%	4.1%	3.2%	3.1%	2.8%	2.4%	1.9%	1.6%	1.7%
TRADE												
Idaho	143,725	144,597	145,464	146,348	147,337	148,325	149,382	150,367	151,442	152,566	153,710	154,825
% Ch	2.6%	2.4%	2.4%	2.5%	2.7%	2.7%	2.9%	2.7%	2.9%	3.0%	3.0%	2.9%
National (Thousands)	30,027	30,079	30,091	30,178	30,262	30,380	30,479	30,553	30,626	30,694	30,763	30,845
% Ch	0.2%	0.7%	0.2%	1.2%	1.1%	1.6%	1.3%	1.0%	1.0%	0.9%	0.9%	1.1%
SERVICES												
Idaho	156,472	157,530	158,582	159,656	160,871	162,082	163,385	164,593	165,920	167,313	168,731	170,111
% Ch	2.9%	2.7%	2.7%	2.7%	3.1%	3.0%	3.3%	3.0%	3.3%	3.4%	3.4%	3.3%
National (Thousands)	42,023	42,322	42,707	43,026	43,369	43,685	43,997	44,272	44,570	44,848	45,163	45,468
% Ch	3.2%	2.9%	3.7%	3.0%	3.2%	3.0%	2.9%	2.5%	2.7%	2.5%	2.8%	2.7%
STATE & LOCAL GOVERNMENT												
Idaho	98,246	98,185	98,286	98,403	98,400	98,417	98,442	98,467	98,607	98,759	98,906	99,050
% Ch	-0.2%	-0.2%	0.4%	0.5%	0.0%	0.1%	0.1%	0.1%	0.6%	0.6%	0.6%	0.6%
National (Thousands)	18,658	18,710	18,769	18,841	18,889	18,934	18,974	19,005	19,020	19,031	19,045	19,060
% Ch	1.6%	1.1%	1.3%	1.5%	1.0%	1.0%	0.9%	0.7%	0.3%	0.2%	0.3%	0.3%
Idaho Education	52,427	52,504	52,583	52,685	52,667	52,665	52,670	52,672	52,785	52,904	53,017	53,129
% Ch	0.7%	0.6%	0.6%	0.8%	-0.1%	0.0%	0.0%	0.0%	0.9%	0.9%	0.9%	0.8%
Idaho Other	45,819	45,682	45,703	45,718	45,733	45,752	45,772	45,795	45,823	45,855	45,889	45,921
% Ch	-1.2%	-1.2%	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
FEDERAL GOVERNMENT												
Idaho	13,887	13,900	13,896	13,885	13,861	13,835	13,807	13,784	13,764	13,745	13,725	13,706
% Ch	1.4%	0.4%	-0.1%	-0.3%	-0.7%	-0.8%	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%
National (Thousands)	2,670	2,681	2,689	2,696	2,699	2,702	2,704	2,705	2,707	2,709	2,711	2,713
% Ch	2.7%	1.7%	1.3%	0.9%	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

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IDAHO ECONOMIC FORECAST

QUARTERLY DETAIL

JULY 2002

MISCELLANEOUS

	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FEDERAL TRANSFERS TO STATE & LOCAL GOVERNMENTS												
Idaho (Millions)	1,097.3	1,129.8	1,160.9	1,159.6	1,222.0	1,298.6	1,235.7	1,318.2	1,357.3	1,363.0	1,403.8	1,441.0
% Ch	-2.4%	12.4%	11.5%	-0.5%	23.3%	27.5%	-18.0%	29.5%	12.4%	1.7%	12.5%	11.0%
National (Billions)	237.2	244.2	250.9	250.1	264.0	281.2	266.4	285.0	293.8	295.1	304.2	312.6
% Ch	-3.5%	12.3%	11.4%	-1.3%	24.2%	28.7%	-19.4%	31.0%	12.9%	1.7%	13.0%	11.5%
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	106.2	106.8	107.3	107.8	108.7	109.2	109.8	109.8	110.1	110.6	111.0	111.7
% Ch	3.8%	2.1%	1.9%	1.8%	3.3%	2.1%	2.3%	-0.1%	1.2%	1.8%	1.5%	2.4%
Consumption Expenditures	106.7	107.2	107.8	108.4	109.2	109.6	109.5	109.8	110.0	110.8	111.3	112.1
% Ch	4.0%	2.1%	2.4%	2.0%	3.2%	1.3%	-0.2%	0.8%	1.0%	2.9%	1.7%	2.7%
Durable Goods	92.0	91.8	91.3	91.0	90.9	90.0	89.4	89.1	88.1	87.5	87.5	88.0
% Ch	-1.8%	-0.8%	-2.2%	-1.2%	-0.7%	-3.5%	-2.8%	-1.6%	-4.3%	-2.6%	0.0%	2.5%
Nondurable Goods	106.5	107.2	108.0	108.5	109.0	109.7	109.3	108.4	108.5	110.0	110.0	110.3
% Ch	5.5%	2.7%	2.7%	2.0%	1.9%	2.7%	-1.5%	-3.2%	0.2%	5.7%	-0.2%	1.3%
Services	110.0	110.6	111.5	112.2	113.5	114.0	114.3	115.2	116.0	116.8	117.6	118.6
% Ch	4.5%	2.4%	3.2%	2.6%	4.7%	1.7%	0.9%	3.4%	2.6%	2.8%	3.1%	3.4%
Cons. Price Index (1982-84)	170.1	171.5	173.0	174.2	175.9	177.3	177.6	177.5	178.1	179.6	180.5	181.8
% Ch	3.9%	3.3%	3.5%	3.0%	3.9%	3.1%	0.8%	-0.3%	1.4%	3.4%	2.1%	3.0%
SELECTED INTEREST RATES												
Federal Funds	5.62%	6.26%	6.53%	6.51%	5.59%	4.38%	3.54%	2.16%	1.72%	1.75%	1.75%	1.98%
Prime	8.69%	9.25%	9.50%	9.50%	8.62%	7.34%	6.57%	5.16%	4.75%	4.75%	4.75%	4.98%
Existing Home Mortgage	8.02%	8.19%	8.10%	7.81%	7.21%	7.15%	7.06%	6.71%	6.86%	6.89%	7.23%	7.23%
U.S. Govt. 3-Month Bills	5.52%	5.71%	6.02%	6.02%	4.82%	3.66%	3.17%	1.91%	1.72%	1.72%	1.75%	1.93%
SELECTED US PRODUCTION INDICES												
Lumber & Wood Products	111.5	108.8	106.7	103.4	99.8	102.5	104.6	102.1	101.5	102.2	103.1	103.9
% Ch	2.2%	-9.2%	-7.7%	-11.9%	-13.0%	11.3%	8.4%	-9.4%	-2.2%	2.6%	3.6%	3.1%
Office & Computer Equip.	306.8	334.0	360.6	373.6	369.9	353.8	340.0	343.0	370.1	389.0	417.7	446.0
% Ch	43.9%	40.4%	35.9%	15.2%	-3.9%	-16.3%	-14.7%	3.6%	35.5%	22.0%	33.0%	30.0%
Electrical Machinery	236.6	258.9	270.2	274.7	263.8	246.8	235.3	235.4	242.4	249.0	260.6	273.9
% Ch	44.8%	43.3%	18.7%	6.8%	-15.0%	-23.3%	-17.5%	0.3%	12.4%	11.4%	19.8%	22.1%
Electronic Components	432.1	500.0	532.3	545.9	523.7	480.1	450.4	466.7	506.9	538.7	579.1	619.2
% Ch	84.7%	79.2%	28.5%	10.7%	-15.3%	-29.4%	-22.6%	15.3%	39.1%	27.6%	33.5%	30.7%
Food	107.5	108.0	108.4	108.0	107.6	107.0	106.9	107.3	108.0	109.1	109.8	110.3
% Ch	1.9%	1.9%	1.7%	-1.5%	-1.5%	-2.1%	-0.6%	1.5%	2.7%	3.9%	2.9%	1.8%
Paper	108.1	108.2	104.9	105.4	102.3	101.9	101.5	99.0	97.6	98.7	99.6	100.4
% Ch	-2.0%	0.1%	-11.4%	1.9%	-11.5%	-1.4%	-1.4%	-9.5%	-5.6%	4.4%	3.5%	3.6%
Agricultural Chemicals	97.9	95.9	93.2	95.2	91.3	87.0	90.3	94.3	87.9	87.0	86.7	86.9
% Ch	-10.0%	-8.0%	-10.8%	8.8%	-15.2%	-17.6%	15.8%	19.3%	-24.5%	-4.4%	-1.4%	1.0%
Metals & Minerals Mining	108.2	106.4	105.7	103.9	105.5	106.4	103.8	100.4	100.8	101.9	103.2	104.8
% Ch	8.6%	-6.6%	-2.6%	-6.6%	6.4%	3.4%	-9.2%	-12.5%	1.7%	4.3%	5.0%	6.4%

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JULY 2002

MISCELLANEOUS

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FEDERAL TRANSFERS TO STATE & LOCAL GOVERNMENTS												
Idaho (Millions)	1,482.8	1,501.6	1,543.8	1,571.0	1,599.2	1,627.8	1,651.7	1,677.0	1,702.8	1,728.8	1,755.6	1,782.5
% Ch	12.1%	5.2%	11.7%	7.2%	7.4%	7.4%	6.0%	6.3%	6.3%	6.2%	6.3%	6.3%
National (Billions)	321.9	325.9	335.5	341.6	348.0	354.5	359.8	365.4	371.1	376.8	382.6	388.4
% Ch	12.5%	5.1%	12.2%	7.6%	7.7%	7.6%	6.1%	6.4%	6.4%	6.2%	6.3%	6.3%
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	112.5	113.2	113.9	114.6	115.4	116.1	116.9	117.6	118.4	119.2	119.9	120.6
% Ch	3.0%	2.4%	2.5%	2.6%	2.7%	2.7%	2.6%	2.6%	2.8%	2.5%	2.5%	2.3%
Consumption Expenditures	112.9	113.6	114.3	115.1	115.8	116.6	117.4	118.2	119.0	119.7	120.5	121.3
% Ch	3.0%	2.5%	2.5%	2.8%	2.6%	2.8%	2.8%	2.8%	2.7%	2.5%	2.7%	2.4%
Durable Goods	88.4	88.6	88.6	88.9	89.0	89.2	89.4	89.5	89.5	89.6	89.7	89.8
% Ch	1.5%	0.9%	0.3%	1.2%	0.5%	1.0%	0.6%	0.5%	0.2%	0.3%	0.5%	0.4%
Nondurable Goods	111.1	111.5	112.0	112.6	113.0	113.7	114.3	115.0	115.6	116.1	116.8	117.2
% Ch	2.8%	1.6%	1.7%	2.1%	1.7%	2.2%	2.4%	2.4%	2.0%	1.8%	2.3%	1.4%
Services	119.6	120.6	121.6	122.6	123.7	124.7	125.7	126.8	127.9	128.9	130.0	131.0
% Ch	3.3%	3.3%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.3%	3.3%	3.3%
Cons. Price Index (1982-84)	183.2	184.4	185.7	187.0	188.2	189.6	191.0	192.4	193.7	195.0	196.4	197.7
% Ch	3.1%	2.6%	2.7%	2.9%	2.7%	2.9%	2.9%	2.9%	2.8%	2.8%	2.9%	2.6%
SELECTED INTEREST RATES												
Federal Funds	2.21%	2.62%	3.12%	3.92%	4.33%	4.62%	4.75%	5.00%	5.50%	5.50%	5.50%	5.50%
Prime	5.21%	5.62%	6.12%	6.92%	7.33%	7.62%	7.75%	8.00%	8.50%	8.50%	8.50%	8.50%
Existing Home Mortgage	7.33%	7.42%	7.57%	7.88%	8.06%	8.04%	7.91%	7.92%	8.15%	8.20%	8.12%	8.05%
U.S. Govt. 3-Month Bills	2.10%	2.43%	2.89%	3.59%	3.99%	4.27%	4.41%	4.63%	5.08%	5.11%	5.13%	5.13%
SELECTED US PRODUCTION INDICES												
Lumber & Wood Products	104.7	105.3	105.8	106.3	107.1	107.7	108.4	109.0	109.2	109.4	109.7	110.0
% Ch	3.0%	2.6%	2.0%	1.6%	3.0%	2.4%	2.5%	2.4%	0.6%	0.9%	1.1%	1.1%
Office & Computer Equip.	476.7	507.5	539.3	567.4	593.7	620.0	646.7	674.5	700.7	727.7	755.0	782.0
% Ch	30.5%	28.5%	27.5%	22.5%	19.9%	18.9%	18.4%	18.3%	16.5%	16.3%	15.9%	15.1%
Electrical Machinery	288.6	305.3	324.3	341.4	356.8	371.9	386.9	402.6	417.7	433.5	450.2	460.1
% Ch	23.3%	25.2%	27.3%	22.8%	19.4%	18.0%	17.1%	17.3%	15.8%	16.1%	16.3%	9.1%
Electronic Components	662.3	709.8	763.7	812.1	855.6	897.6	940.1	984.9	1,028.5	1,074.6	1,123.3	1,152.3
% Ch	30.9%	31.9%	34.0%	27.9%	23.2%	21.2%	20.3%	20.5%	18.9%	19.2%	19.4%	10.7%
Food	110.7	111.1	111.5	111.9	112.5	113.2	113.5	113.7	114.1	114.5	114.8	115.1
% Ch	1.5%	1.5%	1.5%	1.2%	2.4%	2.4%	1.1%	0.5%	1.7%	1.2%	0.9%	1.2%
Paper	101.6	102.9	103.8	104.7	105.9	107.0	108.0	109.0	109.5	110.0	110.4	110.8
% Ch	4.5%	5.2%	3.8%	3.4%	4.5%	4.4%	3.9%	3.6%	1.9%	1.8%	1.6%	1.4%
Agricultural Chemicals	87.2	87.7	88.1	88.7	89.3	90.0	90.6	91.2	91.8	92.3	92.7	93.1
% Ch	1.8%	2.0%	2.0%	2.5%	2.8%	3.0%	2.8%	2.9%	2.5%	2.2%	1.9%	1.6%
Metals & Minerals Mining	106.1	107.4	108.6	109.8	111.1	112.3	113.4	114.4	115.5	116.6	117.8	118.4
% Ch	5.1%	5.0%	4.7%	4.6%	4.5%	4.4%	4.0%	3.7%	3.9%	3.9%	3.9%	2.1%

National Variables Forecast by DRI*WEFA
Forecast Begins the FOURTH Quarter of 2001

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THE DRI*WEFA U.S. MACROECONOMIC MODEL

DRI*WEFA Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The DRI*WEFA model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

DRI*WEFA divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the non-profit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The DRI*WEFA model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the DRI*WEFA U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

$$\begin{aligned} \text{personal income} = & \text{wage and salary payments} + \text{other labor} \\ & \text{income} + \text{farm proprietors' income} + \text{nonfarm proprietors' income} \\ & + \text{property income} + \text{transfer payments} - \text{contributions} \\ & \text{for social insurance} + \text{residence adjustment.} \end{aligned}$$

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 18 Standard Industrial Classification (SIC) employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from DRI*WEFA's U.S. Macroeconomic Model.

Since the output of the IEM depends in large part upon the output of the DRI*WEFA model, an understanding of the DRI*WEFA model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the DRI*WEFA model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

ID0AHEMF	$ID0AHEMF = 3.132 + 7.748 * (ID0NEWMFD \setminus 1 / ID0NEWMF \setminus 1 * JRWSSNF) + 9.057 * (ID0NEWMFN \setminus 1 / ID0NEWMF \setminus 1 * JRWSSNF)$
ID0AVGW\$	$ID0AVGW\$ = ((ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$) / ID0NEW) * 1000$
ID0CRCROP	$ID0CRCROP = -1.344 + 0.011 * CRCROP + 1.892 * WPI01$
ID0CRLVSTK	$ID0CRLVSTK = -1.059 + 0.024 * CRCATCVS + 1.548 * WPI01$
ID0EXFP	$ID0EXFP = -0.866 + 3.447 * WPI01$
ID0GIA\$	$ID0GIA\$ = 99.243 + 914.242 * (VAIDGF_SL * ID0NPT / N)$
ID0HSPR	$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$
ID0HSPRS1_A	$ID0HSPRS1_A = -12.540 - 0.314 * (RMMTGENS - MOVAV(RMMTGENS \setminus 1, 4)) + 99.211 * (MOVAV(ID0NPT \setminus 1, 4) - MOVAV(ID0NPT \setminus 5, 4)) + 0.048 * ID0KHU \setminus 1$
ID0HSPRS2A_A	$ID0HSPRS2A_A = 7.340 + 44.389 * (MOVAV(ID0NPT \setminus 1, 4) - MOVAV(ID0NPT \setminus 5, 4)) - 0.270 * (MOVAV(RMMTGENS, 4)) - 0.024 * TIME$
ID0IPMFDNEC	$ID0IPMFDNEC = 13.0 * JQIND25 * 100 / 81.2 + 52.5 * JQIND37 * 100 / 81.2 + 15.7 * JQIND39 * 100 / 81.2$
ID0IP26_27	$ID0IP26_27 = 252.3 * JQIND26 * 100 / 498.1 + 245.8 * JQIND27 * 100 / 498.1$
ID0IP32_34	$ID0IP32_34 = 58.8 * JQIND32 * 100 / 206.9 + 148.1 * JQIND34 * 100 / 206.9$
ID0KHU	$ID0KHU = ID0KHU1 + ID0KHU2A$
ID0KHU1	$ID0KHU1 = ((1 - 0.003) ** .25) * ID0KHU1 \setminus 1 + ID0HSPRS1_A / 4$
ID0KHU2A	$ID0KHU2A = ((1 - 0.003) ** .25) * ID0KHU2A \setminus 1 + ID0HSPRS2A_A / 4$
ID0NB	$ID0NB = 3.345 + 38.249 * ID0NPT - 0.151 * TIME$
ID0ND	$ID0ND = -0.181 + 6.004 * ID0NPT + 0.009 * TIME$
ID0NEW	$ID0NEW = ID0NEWMF + ID0NEWNM$
ID0NEWCC	$ID0NEWCC = -15.311 + 0.154 * TIME + 0.043 * ID0HSPRS1_A + 0.117 * ID0HSPRS1_A \setminus 1 + 0.192 * ID0HSPRS1_A \setminus 2 + 0.266 * ID0HSPRS1_A \setminus 3 + 0.341 * ID0HSPRS1_A \setminus 4 + 0.416 * ID0HSPRS1_A \setminus 5 + 0.490 * ID0HSPRS1_A \setminus 6$
ID0NEWFIR	$ID0NEWFIR = -2.486 + 0.151 * (MOVAV(ID0HSPR, 2)) + 25.697 * ID0NPT - 4.440 * DUM861ON - 3.510 * DUM981ON$
ID0NEWGOOD	$ID0NEWGOOD = ID0NEWMF + ID0NEWMG + ID0NEWCC$

ID0NEWGV	$ID0NEWGV = ID0NEWGVF + ID0NEWGVSL$
ID0NEWGVF	$ID0NEWGVF = 1.710 + 678.399 * (EGF * (ID0NPT / N)) + 3.716 * (EGF * (GFO96C / GF96C)) - 0.002 * TIME$
ID0NEWGVSL	$ID0NEWGVSL = ID0NEWGVSLED + ID0NEWGVSL_ED$
ID0NEWGVSL_ED	$ID0NEWGVSL_ED = -15.640 + 23.150 * ID0NPT + 0.131 * TIME$
ID0NEWGVSLED	$ID0NEWGVSLED = -13.620 + 74.832 * (ID0NPT * ((N - N16A) / N)) + 0.494 * (MOVAV(ID0YPTXB \ 4, 4)) + 0.148 * TIME$
ID0NEWMF	$ID0NEWMF = ID0NEWMFD + ID0NEWMFN$
ID0NEWMFD	$ID0NEWMFD = ID0NEW24 + ID0NEW32_34 + ID0NEW35_36 + ID0NEWMFDNEC$
ID0NEWMFDNEC	$ID0NEWMFDNEC = -3.826 + 0.081 * ID0IPMFDNEC$
ID0NEWMFN	$ID0NEWMFN = ID0NEW20 + ID0NEW26_27 + ID0NEW28 + ID0NEWMFNNEC$
ID0NEWMFNNEC	$ID0NEWMFNNEC = 0.821 + 0.002 * (CNCS96C + CNOTH96C) - 0.100 * DUM87ON$
ID0NEWMG	$ID0NEWMG = ID0NEWMG_10 + ID0NEW10$
ID0NEWMG_10	$ID0NEWMG_10 = 3.051 + 0.401 * (MOVAV(JQIND287, 2)) + 0.053 * ID0HSPR + 0.012 * (JQIND333_9 * TIME) - 0.594 * (JQIND33 / EMI) - 0.894 * (JRWSSNF / WPI10) - 0.017 * TIME$
ID0NEWNGOOD	$ID0NEWNGOOD = ID0NEWNM - ID0NEWMG - ID0NEWCC$
ID0NEWNM	$ID0NEWNM = ID0NEWCC + ID0NEWFIR + ID0NEWGV + ID0NEWSV + ID0NEWTCU + ID0NEWWR + ID0NEWMG$
ID0NEWSV	$ID0NEWSV = -36.555 + 6.394 * (MOVAV(YPADJ_ID, 3) / MOVAV(PCWC, 3))$
ID0NEWTCU	$ID0NEWTCU = -12.622 + 0.095 * ID0KHU \ 1$
ID0NEWWR	$ID0NEWWR = 7.445 + 4.834 * (MOVAV(YPADJ_ID, 3) / MOVAV(PCWC, 3))$
ID0NEW10	$ID0NEW10 = 2.662 + 6.137 * JQIND333_9 - 1.699 * (JQIND33 / EMI) - 4.939 * (JRWSSNF / WPI10)$
ID0NEW20	$ID0NEW20 = ID0NEW20_203 + ID0NEW203$
ID0NEW20_203	$ID0NEW20_203 = -4.421 + 11.085 * JQIND20$
ID0NEW203	$ID0NEW203 = 8.938 + 17.793 * JQIND201_7A9 - 0.080 * (JQIND201_7A9 * TIME)$
ID0NEW24	$ID0NEW24 = 21.216 + 8.226 * (MOVAV(JQIND24, 2)) - 13.259 * (JRWSSNF / WPI08) - 0.213 * DUM821ON - 0.033 * TIME$
ID0NEW26_27	$ID0NEW26_27 = -1.184 + 0.084 * (MOVAV(ID0IP26_27 \ 1, 4))$

ID0NEW28	$ID0NEW28 = -0.360 + 1.516 * (MOVAV(JQIND28 \setminus 1, 2)) + 0.928 * DUM841ON - 1.930 * DUM951ON + 0.011 * TIME$
ID0NEW32_34	$ID0NEW32_34 = -1.289 + 0.023 * (MOVAV(ID0IP32_34, 2)) - 1.651 * (JQIND34/E34) + 0.0589 * (ID0NEW20 \setminus 1 + ID0NEW24 \setminus 1 + ID0NEWMG \setminus 1 + ID0NEWCC \setminus 1 + ID0NEW26_27 \setminus 1)$
ID0NEW35	$ID0NEW35 = -7.051 - 0.109 * JQIND357 - 1.471 * DUM861884 + 0.085 * TIME$
ID0NEW35_36	$ID0NEW35_36 = ID0NEW35 + ID0NEW36$
ID0NEW36	$ID0NEW36 = -13.287 + 0.970 * JQIND367 - 0.649 * DUM801884 + 0.109 * TIME$
ID0NMG	$ID0NMG = 4 * (ID0NPT - ID0NPT \setminus 1) - (ID0NB - ID0ND) / 1000$
ID0NPT	$ID0NPT = -0.080 + 1.010 * ID0NPT \setminus 1 + 0.073 * ((ID0NEW \setminus 1 / ID0NEW \setminus 5) / (EEA \setminus 1 / EEA \setminus 5))$
ID0WBB\$	$ID0WBB\$ = ID0WBBMF\$ + ID0WBBOTH\$ + ID0WBBCC\$ + ID0WBBF\$ + ID0WBBMIL\$$
ID0WBBCC\$	$ID0WBBCC\$ = (ID0WRWCC\$ * ID0NEWCC) / 1000000$
ID0WBBF\$	$ID0WBBF\$ = -0.507 + 0.608 * WPI02$
ID0WBBMF\$	$ID0WBBMF\$ = (ID0WRWMF\$ * ID0NEWMF) / 1000000$
ID0WBBMIL\$	$ID0WBBMIL\$ = 0.020 + 0.260 * ((ID0NPT/N) * GFMLWSS_FAC)$
ID0WBBOTH\$	$ID0WBBOTH\$ = ID0WRWOTH\$ * (ID0NEW - ID0NEWCC - ID0NEWMF) / 1000000$
ID0WRWCC\$	$ID0WRWCC\$ = 7836.961 + 1615.710 * ID0AHEMF$
ID0WRWMF\$	$ID0WRWMF\$ = -15264.890 + 3879.600 * ID0AHEMF$
ID0WRWOTH\$	$ID0WRWOTH\$ = -5050.855 + 2204.515 * ID0AHEMF$
ID0YDIR\$	$ID0YDIR\$ = 0.039 + 1.001 * ((YINTPER + DIV + YRENTADJ) * MOVAV(ID0YPS \setminus 1, 4) / MOVAV(YP \setminus 1, 4))$
ID0YFC\$	$ID0YFC\$ = -0.131 + 0.796 * ID0YFC\$ \setminus 1 + 0.136 * WPI01$
ID0YINV_R\$	$ID0YINV_R\$ = -0.098 + 0.778 * ID0YINV_R\$ \setminus 1 + 0.144 * WPI01$
ID0YP	$ID0YP = ID0YP\$ / PCWC$
ID0YP\$	$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSIS$
ID0YPNF	$ID0YPNF = ID0YPNF\$ / PCWC$
ID0YPNF\$	$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$

ID0YPNFPC	$ID0YPNFPC = ID0YPNF\$ / PCWC / ID0NPT$
ID0YPRF\$	$ID0YPRF\$ = 0.317 + 342.301 * ((ID0CRCROP + ID0CRLVSTK + ID0YTRF\$ + ID0YINV_R\$ - ID0YFC\$ - ID0EXFP) / 1000)$
ID0YPRNF\$	$ID0YPRNF\$ = 0.047 + 0.004 * YENTNFADJ$
ID0YPTXB	$ID0YPTXB = (ID0WBB\$ + ID0YPRNF\$ + ID0YDIR\$ + (ID0YPRF\$ - ID0YINV_R\$ / 1000)) / PCWC$
ID0YRA\$	$ID0YRA\$ = -0.080 + 0.029 * ID0WBB\$$
ID0YSI\$	$ID0YSI\$ = 0.016 + 1.031 * (TWPER * ID0WBB\$ / WSD)$
ID0YSUP\$	$ID0YSUP\$ = -0.083 + 1.083 * (YOL * (ID0WBB\$ / WSD))$
ID0YTR\$	$ID0YTR\$ = 0.102 + 0.786 * ((VGF_PER + VGSL_PER) * (ID0NPT / N))$
ID0YTRF\$	$ID0YTRF\$ = 0.027 + 0.011 * TRF\$$
YPADJ_ID	$YPADJ_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$, 4) + MOVAV(ID0WBBF\$, 4)$

ENDOGENOUS VARIABLES

ID0AHEMF	Average hourly earnings in manufacturing
ID0AVGW\$	Average annual wage
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0GIA\$	Federal grants-in-aid to Idaho governments
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0IP26_27	Industrial production index, paper, printing, and publishing, 1996=1.0
ID0IP32_34	Industrial production index, stone, clay, glass, and concrete products and fabricated metals, 1996=1.0
ID0IPMFDNEC	Industrial production index, other durable manufacturing, 1996=1.0
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NEW	Employment on nonagricultural payrolls, total
ID0NEW10	Employment in metal mining
ID0NEW20	Employment in food processing
ID0NEW20_203	Employment in food processing, except canned, cured, and frozen
ID0NEW203	Employment in food processing, canned, cured, and frozen
ID0NEW24	Employment in lumber and wood products
ID0NEW26_27	Employment in paper, printing, and publishing
ID0NEW28	Employment in chemicals and allied products
ID0NEW32_34	Employment in stone, clay, glass, and concrete products and fabricated metals
ID0NEW35	Employment in nonelectrical machinery
ID0NEW35_36	Employment in machinery
ID0NEW36	Employment in electrical machinery
ID0NEWCC	Employment in construction
ID0NEWFIR	Employment in finance, insurance, and real estate
ID0NEWGOOD	Employment in goods-producing sectors
ID0NEWGV	Employment in government
ID0NEWGVF	Employment in federal government
ID0NEWGVSL	Employment in state and local government
ID0NEWGVSL_ED	Employment in state and local government, except education
ID0NEWGVSLLED	Employment in state and local government, education
ID0NEWMF	Employment in manufacturing
ID0NEWMFD	Employment in durable manufacturing
ID0NEWMFDNEC	Employment in other durable manufacturing
ID0NEWMFN	Employment in nondurable manufacturing
ID0NEWMFNNEC	Employment in other nondurable manufacturing
ID0NEWMG	Employment in mining
ID0NEWMG_10	Employment in mining, except metal mining

ID0NEWNGOOD	Employment in service-producing sectors
ID0NEWNM	Employment in nonmanufacturing
ID0NEWSV	Employment in services
ID0NEWTCU	Employment in communications, transportation, and public utilities
ID0NEWWR	Employment in trade
ID0NMG	Net in-migration of persons
ID0NPT	Resident population
ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_RS	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 1996 dollars
ID0YP\$	Total personal income
ID0YPNF	Nonfarm personal income, 1996 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 1996 dollars
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 1996 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCS96C	Personal consumption expenditures, clothing and shoes, 1996 dollars, chain weighted
CNFOOD96C	Personal consumption expenditures, food, 1996 dollars, chain weighted
CNOTH96C	Personal consumption expenditures, other nondurable goods, 1996 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
DIV	Dividends
DUM801884	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or non-economic event such as SIC code changes, strikes, plant opening, or closures, unusual weather conditions, etc.
DUM821ON	
DUM841ON	
DUM861ON	
DUM861884	
DUM871ON	
DUM951ON	
DUM981ON	
TIME	
E20	Employment in food processing
E24	Employment in lumber and wood products
E26	Employment in paper and paper products
E27	Employment in printing and publishing
E28	Employment in chemicals
E32	Employment in stone, clay, and glass
E34	Employment in fabricated metals
E35	Employment in nonelectrical machinery
E36	Employment in electrical machinery
EEA	Total nonagricultural employment
EGF	Employment in federal government
EMD	Employment in durable manufacturing
EMI	Employment in mining
EMN	Employment in nondurable manufacturing
GFMLWSS_FAC	Federal government defense personnel outlays
GF96C	Federal government purchases, 1996 dollars, chain weighted
GFO96C	Federal government purchases, non-defense, 1996 dollars, chain weighted
JQIND20	Industrial production index, food products, 1996=1.0
JQIND201_7A9	Industrial production index, food except beverages, 1996=1.0
JQIND24	Industrial production index, wood and lumber products, 1996=1.0
JQIND25	Industrial production index, furniture and fixtures, 1996=1.0
JQIND26	Industrial production index, paper and paper products, 1996=1.0
JQIND27	Industrial production index, printing and publishing, 1996=1.0
JQIND287	Industrial production index, agricultural chemicals, 1996=1.0
JQIND32	Industrial production index, stone, clay, and glass products, 1996=1.0

JQIND33	Industrial production index, primary metals, 1996=1.0
JQIND333_9	Industrial production index, nonferrous metals, 1996=1.0
JQIND34	Industrial production index, fabricated metal products, 1996=1.0
JQIND357	Industrial production index, office and computing equipment, 1996=1.0
JQIND367	Industrial production index, electric components, 1996=1.0
JQIND37	Industrial production index, transportation equipment, 1996=1.0
JQIND39	Industrial production index, miscellaneous manufactures, 1996=1.0
JRWSSNF	Index of compensation per hour, nonfarm business sector, 1992=1.0
N	Population, U.S.
N16A	Population, U.S., aged 16 and older
PCWC	Implicit price deflator, personal consumption, 1996=1.0, chain weighted
RMMTGENS	Effective conventional mortgage rate, existing homes, combined lenders
TRF\$	Government payments to U.S. farms
TWPER	Personal contributions for social insurance, U.S.
VAIDGF_SL	Federal grants-in-aid to state and local governments
VGf_PER	Federal transfer payments to persons, U.S.
VGSL_PER	State and local transfer payments to persons, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0
WSD	Wage and salary disbursements
YENTNFADJ	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YINTPER	Personal interest income
YOL	Other labor income, U.S.
YP	Personal income
YRENTADJ	Rental income of persons with capital consumption adjustment

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